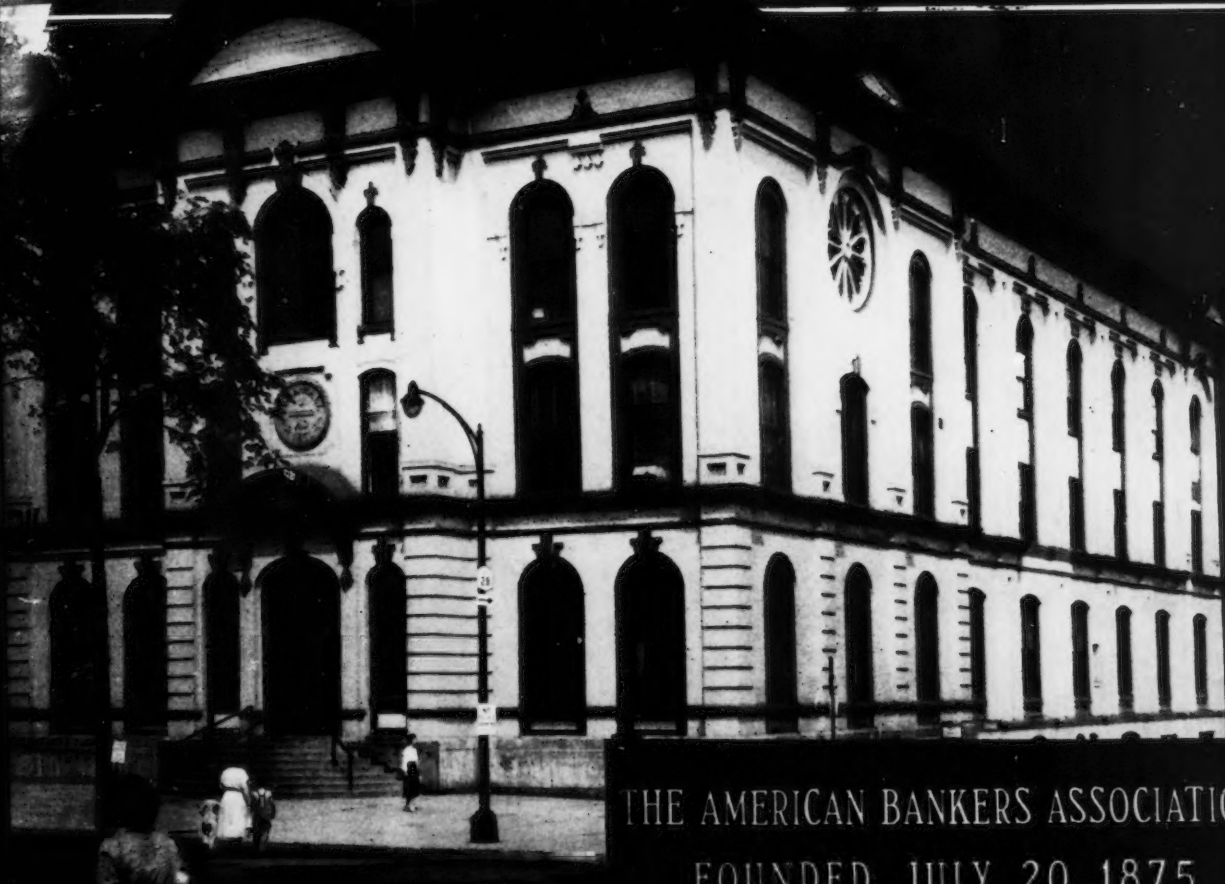


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JULY 1950



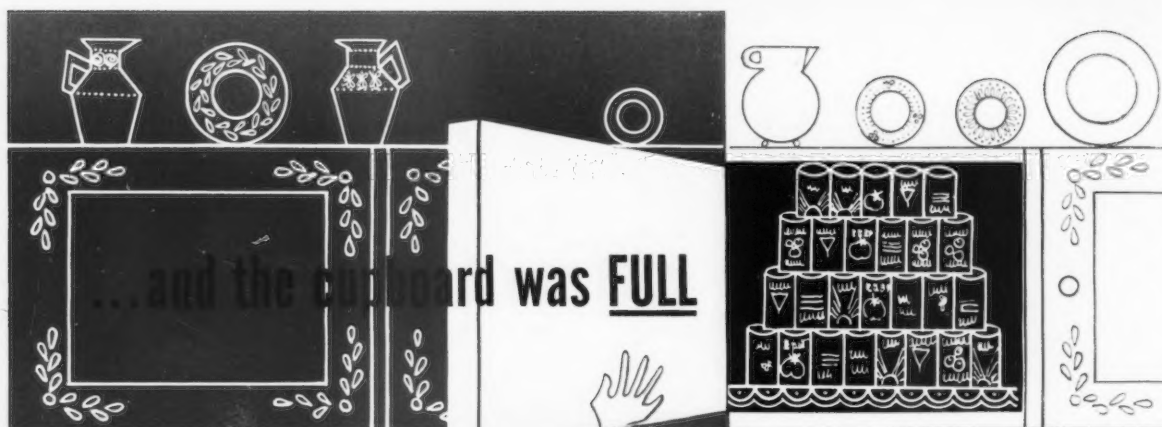
A plaque for our birthday (page 3)

THE AMERICAN BANKERS ASSOCIATION
FOUNDED JULY 20, 1875
IN THIS BUILDING

PLACED JULY 20, 1950 COMMEMORATING THE 75 TH ANNIVERSARY

How a Bank Can Nail Down Its Market

(page 39)



Unlike Old Mother Hubbard—whose cupboard was always bare—your customers in the canning and packing industry often find they have a full cupboard and an empty till. And this same situation exists in at least 400 other types of business where inventory is an important factor.

With the help of Douglas-Guardian field warehouse receipts, your customers (from canners to building material suppliers) can turn idle merchandise into hard-working cash. And your loan department can build good will and profits by suggesting safe, secured loans on inventory *right where it stands*.

To receive a supply of our full-color, illustrated booklets, "Our Story Has Three Sides," for distribution to prospective and present borrowers, just write our nearest office.

WHEN YOU MAKE THE LOANS—WE'LL MAKE THEM SAFE
DOUGLAS-GUARDIAN
 WAREHOUSE CORPORATION
 "The Bankers' Field Warehouse Company"



NEW ORLEANS 1, La., 118 North Front St.
 NEW YORK 4, N. Y., 80 Broad St.
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 CLEVELAND 14, Ohio, Union Commerce Bldg.
 DALLAS 1, Texas, Tower Petroleum Bldg.
 SPRINGFIELD 3, Mass., 172 Chestnut St.

LOS ANGELES 14, Calif., Garfield Bldg.
 MEMPHIS 3, Tenn., Porter Bldg.
 PHILADELPHIA 2, Pa., Grand Trust Bldg.
 PORTLAND 4, Ore., U. S. Nat'l Bank Bldg.
 ROCHESTER 4, N. Y., Commerce Bldg.
 SAN FRANCISCO 4, Calif., 300 Montgomery St.

SPRINGFIELD, Mo., McDaniels Bldg.
 TAMPA 2, Fla., 416 Tampa St.
 HARTFORD, Conn., 149 Woodland St.
 KANSAS CITY, Mo., 1207 Grand Ave.
 MIAMI 37, Fla., 3582 N. W. 46th St.
 ALBUQUERQUE, N. Mex., 3708 Mesa Verde Drive
 DETROIT, Mich., Penobscot Bldg.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JULY 1950

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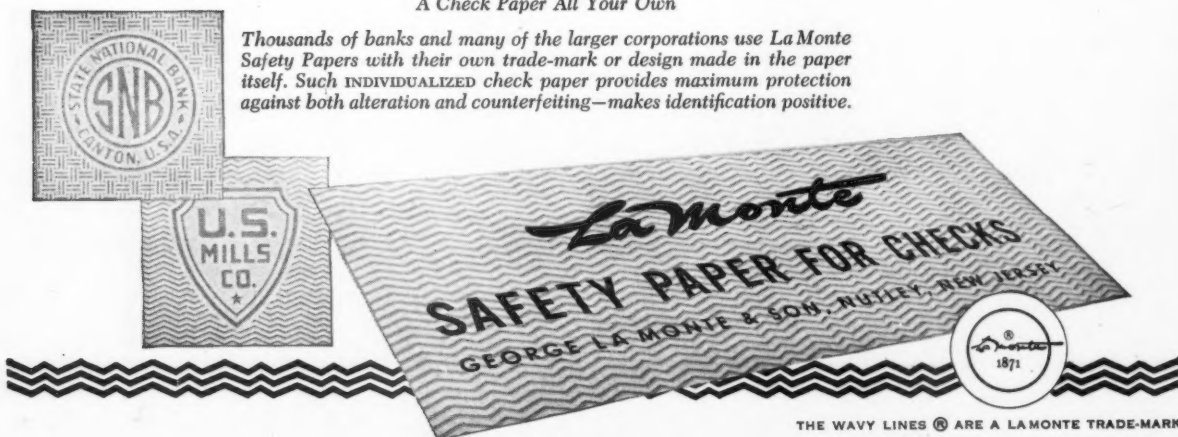
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Whether or not a check is in honor of a special occasion, its appearance is important — because *making a good impression is important*. Most of America's leading bankers know that checks gain in distinction when lithographed on La Monte Safety Papers. You too will find it advantageous to use them. Your Lithographer will be glad to show you samples.

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such individualized check paper provides maximum protection against both alteration and counterfeiting — makes identification positive.



THE WAVY LINES ® ARE A LA MONTE TRADE-MARK



July 20, 1875

THE dateline is "Saratoga Springs, New York, Tuesday, July 20, 1875," and the *New York Times* reporter starts his story with this matter-of-fact statement:

"The Bankers' Convention began to-day at this place in the Town Hall."

Nearly two-thirds of his three-column Page 1 dispatch reporting the first gathering of the American Bankers Association is filled with the names of bankers present at the historic meeting. The remainder chronicles briefly the day's proceedings, including the nomination of permanent officers. C. B. HALL of Boston, you may remember, was made the first president of the A.B.A.

"On taking the chair," said the *Times* man, "Mr. HALL made a short speech, thanking the convention that had conferred such an honor on him. . . . He accepted the Presidency strictly under the call prepared by the committee, noting par-

ticularly that section which stated that no political or sectional topic should be introduced into the deliberations."

July 20, 1950

SEVENTY-FIVE years later, to the day, the present president of the Association, F. RAYMOND PETERSON, chairman of the First National Bank and Trust Company of Paterson, New Jersey, is scheduled to unveil a bronze plaque in the old Town Hall at Saratoga Springs. It reads:

**THE AMERICAN BANKERS
ASSOCIATION
FOUNDED JULY 20, 1875
IN THIS BUILDING
PLACED JULY 20, 1950
COMMEMORATING THE 75TH
ANNIVERSARY**

A New Contents Page

THIS July issue starts Volume XLIII of BANKING, and to mark the turn into a new year we present a revised "table of contents." It groups the articles by subject matter, an arrangement which should help readers quickly find what interests them.

The classifications are necessarily arbitrary, but they're simple, too, and we hope you'll be able to find your way around this first new listing without much difficulty. There has been no change in the editorial format of the magazine, and all the

THE BANKERS AT SARATOGA

THE CONVENTION OPENED AND ORGANIZED YESTERDAY.

THE LIST OF DELEGATES—ELECTION OF OFFICERS—SPEECH OF CHAIRMAN HALL, OF BOSTON—THE ANNOYANCES OF THE BANKING BUSINESS—SPECIE PAYMENTS—RESOLUTIONS AND ADDRESSES—LOCAL TAXATION OF BANKS—THE USURY LAW—THE CONVENTION DECLINES TO HEAR EX-GOV. BIGLER, OF THE CENTENNIAL EXPOSITION.

From Our Own Correspondent.

SARATOGA SPRING, N. Y., }
Tuesday, July 20, 1875. }

The Bankers' Convention began to-day at this place in the Town Hall. The preliminaries for it were arranged last night at the meeting of the committee at the Grand Union Hotel, and precisely at the hour designated for calling the representatives to order they were present in large numbers, wearing the badges distributed to them by Mr. Leake yesterday at the First National Bank, and Mr. Richards, of the banking institution adjacent. The following is a complete list of those who had registered their names with the Reception Committee up to 2 P. M. to-day:

It was Page 1 news in the *New York Times*

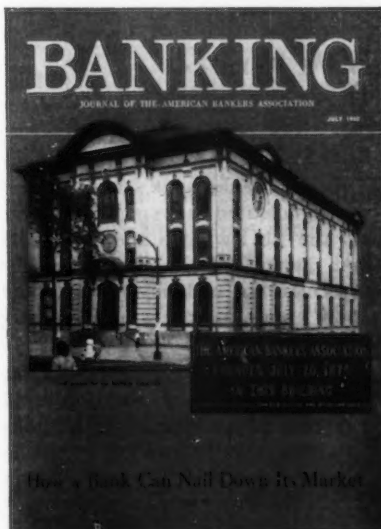
departments are just as they have been. It's only the *directory* to the contents that's been changed.

Bank Market Measurement

THE first of a series of articles on the intelligent, profitable use of modern market analysis methods starts on page 33. The title is "How a Bank Can Nail Down Its Market." The author, WILLARD C. WHEELER, former advertising agency executive, is now vice-president of Sales Traffic Digest, Inc.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



THIS MONTH'S COVER

Our cover this month shows both Saratoga's historic Town Hall and also the plaque which will be set in place there on July 20, as described in the story above on this page.

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INSIDE Canada...

Take this opportunity to join the many U. S. bankers who find the B of M's monthly Business Review a result-producing business aid. This easy-to-read summary of the Canadian economic scene will not only keep you well-informed—but also help you satisfy the needs of your Canada-conscious clients.

Write to any U. S. office or to the Business Development Department, Place d'Armes, Montreal. Ask to be put on our regular mailing list for Business Review. With your first issue,



Read by

WELL-INFORMED BANKERS EVERYWHERE

you will also receive Canada Today—a fact-packed, profusely illustrated, 100-page booklet about Canada, her people and industries—a handy reference guide.



"How do I open a joint account? I've got a little joint over on Broadway?"



BANK OF MONTREAL

Canada's First Bank

In Canada since 1817... In U. S. since 1859

New York - 64 Wall Street

Chicago - 27 S. La Salle Street

San Francisco - 333 California Street

Head Office: Montreal

RESOURCES EXCEED \$2 BILLION

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 37-year-old institution.

With 23 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$10,000,000. — Pesos Colombian

Reserves: \$10,300,000. — Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Velez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

MR. WHEELER outlines a few of the major principles of market analysis and illustrates them with specific examples. The subject, he says, boils down to a few simple fundamentals such as: Who composes the market? Where are these people? How can they most easily be reached? What do they want in terms of services? Which parts of this market offer best profit possibilities? These and other general questions, covering the potential market, must be asked concerning a given business.

"Any bank that will develop factual answers," asserts MR. WHEELER, "will have the practical information it needs in order to make policy decisions, to formulate strategy, and to initiate tactical moves in the right direction."

By the Way . . .

POOR old dollar! The price of the paper it's printed on recently rose from 48.9 to 53.4 cents a pound.

HENRY McLEMORE, who writes the syndicated newspaper column, "In the Reviewing Stand," suggests that banks take a tip from the supermarkets and have "fast" and "slow" lines for check-cashing customers.

JOHN W. REMINGTON, president of the A.B.A. Trust Division, told trust men of the Pennsylvania Bankers Association: "Let us urge the purchase of these (Savings) bonds as we, as trust men, are devotees of savings and thrift. But let us lift

(CONTINUED ON PAGE 6)

• THE FUTURE HOLDS GREAT PROMISE •



THE PRICELESS ASSET

It takes many things, all put together, to give you good telephone service at low cost.

There are telephone instruments and switchboards and buildings and almost endless miles of wires and cables across the country.

These are important. But they could not possibly do the job without the skill, loyalty and courtesy of telephone men and women.

That is the vital human force that puts life into all of this marvelous telephone equipment and makes it work smoothly and efficiently

for millions of people. That is the priceless asset of the Bell System.

It is not something new that has come suddenly into the business but a recognized and distinctive part of telephone service for many years. It is one of the reasons why the future holds such promise.

Telephone people, from top to bottom, are trained and ready as never before to transform new wonders of research and new equipment into better service for more and more people.

BELL TELEPHONE SYSTEM



Our plant wins Safety Awards ...
but we carry Accident Insurance

Our Credit Risks are "Safe and Sound" ...
but we INSURE our ACCOUNTS RECEIVABLE

**Credit Insurance Completes Your
Customers' Programs of Protection**

CREDIT INSURANCE is just as necessary to business programs of protection as fire, theft and other insurance. Credit losses can be just as large and just as serious as other losses.

American Credit Insurance completes business insurance programs by guaranteeing payment of Accounts Receivable ... one of your customers' most valuable and most vulnerable assets.

Many banks are urging their commercial accounts to protect their receivables with Credit Insurance. Some insist on this protection before approving commercial loans. The bank can be

included as a named assured without charge.

This timely book will help you help your customers plan sound credit policy. For a copy, without obligation, phone our office in your city or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, Dept. 45, First National Bank Building, Baltimore 2, Maryland.



J. T. Madden
PRESIDENT



**AMERICAN CREDIT
INSURANCE**

GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

OFFICES IN PRINCIPAL CITIES
OF UNITED STATES AND CANADA

JUST A MINUTE—Continued

our voices individually and collectively in a demand that our central Government, by precept and example, set a standard which the purchasers of its Savings Bonds may follow."

Moose Story (True)

THE nearest this department will ever come to an Alaskan hunting trip is the monthly forage through the four pages of the Alaska Bankers Association's *Newsletter*, the special preserve of Secretary HARVEY G. BROWN of Sitka.

A tour of the Pre-Convention Issue yielded some choice specimens, shared with BANKING's readers; the Post-Convention number produced this one:

"Bob Baker was driving five of us from Palmer to Anchorage and the talk got around to moose. A couple of the boys had not been to Alaska before and had never seen a moose outside of a lodge, which is quite understandable as it is not considered good form for moose to go walking about the streets of Seattle and San Francisco.

"About halfway from Palmer, Bob said, 'Speaking of moose ...' and there stood Maribelle the moose and junior, right Smack along the road. In our party was MANDUS E. BRIDSTON, editor of *Banker and Business*, who was covering the convention. MANDUS had his camera, complete with gadgets, and as soon as we stopped by Maribelle he dove out of

(CONTINUED ON PAGE 11)

"Need any checks cashed, or care to make a deposit, Mrs. Lyon?"



Success

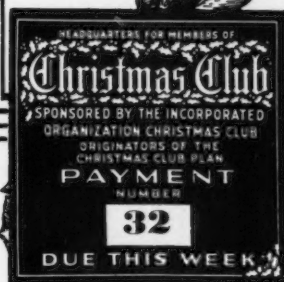


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Mercantile National Bank at Dallas

"Our bank looks for profitable banking business not solely from select groups of large businesses or wealthy individuals, but from the community as a whole.

"The Christmas Club has proved to be one of the most successful ways of bringing the bank into close touch with the community, and every Christmas Club member is a potential customer for other services of the bank."

MILTON BROWN



● To grow and be successful, a bank must develop continually new sources of customers and new lists of prospects. This is a fundamental public relations job. A job successfully accomplished for banks everywhere by Christmas Club, a corporation.

● During regular visits to your bank, thrift-conscious Christmas Club members develop confidence in you and your bank. They are potential customers for your many services.

● That's why Banks that have Christmas Club are Banks that grow!

CHRISTMAS CLUB

A CORPORATION

FOUNDED BY HERBERT F. RAWLL

341 Madison Avenue, New York 17

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS



PRICE 7¢ . . .

We bought it at Woolworth's. It's beautiful. It's perfect in performance. Saving carelessness, it will last and last. So we pondered . . .

WHY NOT 27¢? . . .

This tumbler is a triumph of many sciences. Physics, chemistry, ceramics, and mathematics joined in its creation. Mechanical and electrical engineers poured their gifts into the machines that made it. Metallurgists, draftsmen, tool makers and welders, miners and transportation men, civil engineers and operating engineers . . . all these and more worked their splendid best to make this veritable miracle.

HOW DID THEY KNOW HOW? . . .

Not just from what each learned way back in school. Not just from what immediate associates passed on. Not by pure cerebration either. All these helped. Nothing could have been done without them. But they were linked together by . . .

THE AMERICAN INTER-COM SYSTEM . . .

The business press of America, the industrial and trade and business and professional publications . . . the American Inter-Communications System. They are the common carriers of business and professional ideas . . . methods and mistakes, practice and theory, new and obsolescent techniques, news, conjectures, hopes. It is a sober fact that the business press helps make what America makes possible. It sees all, hears all, and tells . . .

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is "SPEED TREATED"*



First, they're met at the station

At frequent intervals throughout the day and night Chase trucks rush remittance letters from post offices and express terminals to the Bank ...

then "Individualized"

Checks are sorted immediately into groups. As processed, those on New York are sent by messenger to the Clearing House for the 2, 8 and 9 a.m. clearings. Checks received up to 9:15 a.m.

are included in the final clearings for the day at 10 a.m.

To the Portrait Box

Out-of-town items get special treatment, including microfilming for the protection of our correspondents ...

and off they go!

Checks go from Chase "the fastest way"—and that includes extensive use of air transport wherever practical.

*We always welcome opportunities to show visiting bankers
our check-handling departments and other facilities.*

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation



"Answer the man, dear. He's asking who you're naming as your executioner!"

the car, landed more or less on his face, got up, pulled himself and the camera together and took pictures from all angles.

"A couple of the boys wanted to milk Maribelle, as they had heard somewhere that moose milk was very stimulating, but it was explained to them that it was not in the local tradition to milk moose beside a public highway.

"Junior stayed more or less in the background but Maribelle seemed to enjoy the limelight. After about 16 exposures she waved a hoof at Junior and ambled away muttering something that sounded suspiciously like, 'Huh, bankers . . .'"

99 Plus

WORD comes to us that W. A. GRAHAM, president of the First National Bank of Pryor, Oklahoma, recently started his 100th year.

Mr. GRAHAM, who has helped organize several banks during his long business career, walks two miles daily and puts in an active day at the First. On his 99th anniversary he attended a meeting of the bank's directors, but declined an invitation to a bankers' dinner meeting at Oklahoma City, remarking that banquets were among the things that shorten life.

On that notable occasion he told a reporter that he had three good doctors—"Dr. Work, Dr. Sun and Dr. Walk."

Among his numerous benefactions to Pryor is Graham Community which houses the city offices, public auditorium, and library. He recently

REBATE INTEREST on PERSONAL LOANS

figured in a matter of seconds

Earned and Unearned interest on Personal Loans or Small Loans figured as of any date for the entire Loan Department for Income Determination . . . in a small fraction of the time normally required. Call your local Friden representative for a copy of the

FRIDEN AUTOMATIC MONTH COMPUTOR and REBATING METHOD

and a demonstration of what this marvelous *ultra-matic calculator* will do for you. No obligation.

One of the largest Banks in the country writes: "We have purchased Friden ultra-matic calculators to be used with the Friden Automatic Month Computor and Rebating Method and are glad to say this has resulted in extreme accuracy as well as appreciably increasing the speed in handling the rebates of unearned interest."

Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.



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CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA • SALES AND SERVICE THROUGHOUT THE WORLD



Photo by Underwood & Underwood

Autocrat of the dining room table

Yes sir, when he calls for his favorite meal by brand name you had better serve it—or else. And when he lisps for that prepared dessert he's so fond of you'd better not try any switching or there will be a rumpus, sure enough.

We start learning brand names almost as soon as we can say "Dada," and from then on we depend on our brand language to get us exactly what we want. Every advertisement we read—every radio program we listen to—prepares us better to make the most of America's wonderful system of producing and distributing goods identified by Brand Names.

And by the way—from the high chair on—every time we choose or reject brand names we keep industry on its toes—trying with all its know-how and resources to give us what we like best.

Brand Names Foundation

INCORPORATED

119 West 57th Street, New York 19, N.Y.

A non-profit educational foundation



"Junior falls for it every week."

donated \$100,000 to help purchase a municipal electric light and power system.

Thank You, Mr. Lewis!

IN his report as president of the Delaware Bankers Association, IRA LEWIS, cashier of the Peoples National Bank of Laurel, said:

BANKING, the magazine of the A.B.A., should be read not only by our officers and employees, but also by every director. Examination of a year's issues reveals that it covers the entire banking field—clearly, informatively and completely.

For example, in one recent issue the following subjects were treated in articles and departments: Wills and trusts, effective letter writing, home mortgages, personnel management, developments in Washington, foreign trade, bank aid to farm youth, consumer

credit, operating costs, investments, and many other subjects.

I urge that it be given a place on your current reading list.

The Lions of Spearfish

THE picture below shows the front window of a bank in Spearfish, South Dakota. When you look closely you see that the round emblem is the U. S. Savings Bond-Minute Man sticker. Just under it is a reminder that material possessions are not transportable beyond the confines of this mortal coil.

Now pick up the story as it was told to BANKING by Assistant Cashier JAMES D. JELBERT:

"Contrary to the impression created by the sign, we are not advocating that our customers adopt a Rubaiyat philosophy regarding the things of this world. We are as deeply interested as ever in promoting thrift, as evidenced by the United States Savings Bonds sticker prominently displayed.

"The truth of the matter is that this curious juxtaposition of Thrift vs. Anti-thrift was produced in an effort to assist in the promotion of the Spearfish Lion's Club annual play, which this year happened to be the well-known production, 'You Can't Take It With You.'

"This display aroused considerable comment and much good natured kidding on the part of our customers, some of whom playfully suggested that they might close out their savings accounts. None of them did, however, and the play was a huge success, thanks partly, we like to think, to our assistance to this community enterprise."

J. L. C.

"... this curious juxtaposition of Thrift vs. Anti-thrift ..."



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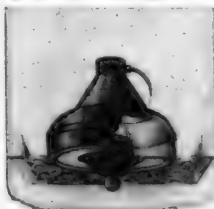
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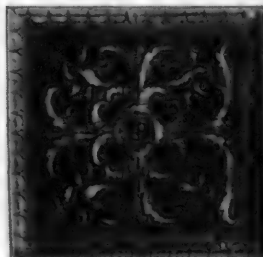
RAMBUSCH BANK LIGHTING IS *Tailor-Made!*

AT the Manufacturers Trust Company, 5th Ave. at 43rd St., New York, Rambusch artists and engineers worked together, blending efficient modern lighting with ornate architectural detail. • To do this, Rambusch Annulites* were built into specially designed plates made to match the delicate pattern of the ceiling. These assembled units were then simply fastened to the ceiling, replacing plaster sections previously removed. • Now the traditional beauty of this interior is preserved. The ample supply of glare-free illumination helps the employees do their important jobs better—with the ease and confidence and improved morale that always accompanies good lighting. • If you have a difficult lighting problem, Rambusch engineers and designers

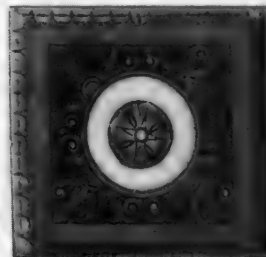


are ready to help you. For further details or a free consultation, contact this office or the Rambusch representative nearest you. Do it today!

are ready to help you. For further details or a free consultation, contact this office or the Rambusch representative nearest you. Do it today!



Before: Detailed view of original ceiling section.



After: Same view with tailor-made Annulite in place.

*U. S. & Foreign Patents Reg. U. S. Patent Office

RAMBUSCH DESIGNERS MANUFACTURERS 40 WEST 13TH STREET, NEW YORK 11, N.Y.

Strengthen Your Doubtful Risks With Lawrence Receipts

JUDGED by its prevailing risk criterion, a bank's portfolio contains many loans on open account which may well be placed on a secured basis.

Lawrence warehouse receipts, issued on the borrower's inventory, will protect the lender with fundamentally sound collateral.

New "Small Business" Department now extends Lawrence service to inventories valued as low as \$5,000.

Lawrence warehouse receipts are supported by the strongest financial statement in the field warehouse industry. Lawrence has always discharged, in full, its liability to all holders of Lawrence Warehouse receipts.

Lending institutions have profited with Lawrence field warehousing in dealing with more than 20,000 business firms, over a period of 35 years.

Booklet Gives Field Warehouse Facts



Tells how Lawrence field warehousing makes secured credit possible for accounts in your portfolio. Write for free copy. "Borrowing on Inventory."

LAWRENCE WAREHOUSE COMPANY

Nationwide Field Warehousing
DIVISION OFFICES:

SAN FRANCISCO 11, CALIF. NEW YORK 5, N.Y.
37 Drumm St. 72 Wall St.

CHICAGO 2, ILL.
100 N. La Salle St.

Los Angeles • Boston • Philadelphia • Pittsburgh
Buffalo • Cleveland • Cincinnati • Kansas City
St. Louis • Atlanta • Des Moines • Charlotte
New Orleans • Houston • Dallas • Denver • Phoenix
Portland • Seattle • Spokane • Stockton • Fresno
Washington, D. C. • Manila, P. I.



THE school savings program was going over in a big way. Every week a monitor from the school came down to the bank with a collection of nickels, dimes and quarters, to be credited to the savings accounts of various little girls and boys who were learning about thrift. Of course, these little folks occasionally yielded to temptation and withdrew their money for the purchase of a new tennis racket or a particularly enticing new party dress or even for tickets to the circus. On the whole, however, the accounts grew.

One morning a "frying size" boy came haltingly up to the desk of the receptionist, produced his bank book and bashfully murmured, "I want to get my money."

"Do you really need to draw your money out?" asked the receptionist, in a motherly sort of way.

"Yes, ma'am, I do," was the shy, but decided reply. "I'm going off to camp and I'll need it for spending money. We're leaving on the bus in just about an hour."

"Well, we'll have to get you identified," said the receptionist. "Do you have any identification with you?"

"I—I don't know what you mean."

"I mean, can you prove that you are Harry Wilson, the name that appears on the bank book?"

"Well, I don't know how to prove it, but that's me, all right."

"Could we telephone your house?"

"No ma'am, we don't have any phone."

"Do your parents have an account with this bank?"

"No, ma'am."

"Well, I'm sorry, but we'll just have to prove in some way that you are the right person before we can let you have this \$8.92 that you have saved."

The boy winked back a tear, swallowed hard and then said, "Ain't there no man around this place? I can prove I'm Harry Wilson if I can see a man."

"Wondering just what difference the sex of the questioner could make, the receptionist called a man clerk from the collection cage and turned the young depositor over to him. After a short whispered conversation, the two disappeared. In a few minutes they were back, both with broad grins. "It's all right," said the second investigator, "I'm sure this is really Harry Wilson."

The withdrawal was okayed and the lad departed for camp with the accumulated savings of a year.

"Darnedest thing!" said the man clerk. "The boy's leaving for camp today and his mother was afraid someone might steal his clothes or that he might lose them. So she fixed things up all right. In the neckband of his shirt was a big square of white cotton with Harry Wilson printed on it in ink. Each shoe had the same thing printed on the lining. And in the seam at the back of his trousers she had sewed a great big piece of heavy white material with Harry Wilson on it in letters an inch high. I guess there is no doubt in the world that the lad is Harry Wilson!"

BELLE S. HAMILTON



it's Mechanization
that helps Farmers
Stay in the BLACK!



A farmer's success is not determined by how hard he works, but rather by the amount he produces during the growing season. What he accomplishes in a day depends on what he works with . . . how much of his work is made effective by wise management and dependable machinery.

This corn picker is an example. It takes a good man to husk an acre a day by hand when yield hits 100 bushels. But with an Oliver one-row Picker-Husker, a farmer can harvest 10 acres in less time, with less effort.

Further, it's the *quality, endurance and efficiency* of his machinery that help the

farmer realize the *greatest* profit . . . keep his operations in the "black" when prices decline! Oliver is an organization with long experience and a splendid record for having served farmers well. For more than 100 years, Oliver has been manufacturing ever better implements to make farm work easier and farm earnings bigger. And it's Oliver's purpose to continue creation of modern equipment to keep pace with an advancing agriculture . . . to help dealers build a lasting and remunerative business. The Oliver Corporation, 400 West Madison Street, Chicago 6, Illinois.



OLIVER

"FINEST IN FARM AND INDUSTRIAL MACHINERY"

"A New Era in Check Handling"

ABOUT 60 editors and business writers recently received a letter from Joseph E. Hughes, President of The County Trust Company, with 18 offices in Westchester County, New York, inviting them to a dinner and special demonstration of a "revolutionary method of processing *personal* checks by machine."

"We are ushering in a new era in check-handling," said the letter, "and we would like you to be on hand for the event" at the Sleepy Hollow Country Club.

On hand for the occasion was a distinguished group, which included a number of banker colleagues of Dr. Hughes. They listened to a talk, with colored slides, presented by John A. Kley, assistant vice-president of the bank.

Briefly, the system works like this: Individual customers receive checks pre-punched with their account numbers. They write their checks in the ordinary way, but, from the time the checks are presented for payment until they are finally returned to the customer with a statement, all operations are handled by mechanical and elec-



New foldable punched check

tronic machines that can literally "read." These checks, unlike those used by many large corporations as well as the Government, *can* be folded, for easy handling.

Key to the system is the "electronic check," which, at first glance, looks like any other personal check. (It conforms to the recommendations of the American Bankers Association in every detail.) But it is slightly heavier than the average check and more durable; and when the customer receives a supply of checks, he will note that there are

minute perforations on the left side of the check. These are pre-punched with a code number indicating the customer's special account number, and the branch office where he banks. The checks are furnished already imprinted with the customer's name, at no extra charge. The customer is also given two check wallets: one is of the breast-pocket type, to hold the checks unfolded; the other is a little larger than a pack of cigarettes and a fraction as thick. It holds the checks folded.

"The foldable punched check," explained Mr. Kley, "is something new. You may have received a punched check from the Government or a large corporation, at one time or another. Implicit instructions were given that the check be kept flat so it could go through the processing machines. Of course, the unfoldable check would not do for personal accounts. It won't fit conveniently into a woman's purse, a man's pants pocket, or a 'personal size' envelope. Our 'electronic check' will—because it can be folded along either or both of two pre-scored lines. Unfolded, it faces no difficulty in going through the processing machines."

"Buy, Bank, Boost" Home City

THE Central National Bank of Yonkers, New York, conducted and financed a city-wide campaign to "Buy, Bank and Boost Yonkers."

Undertaken as a means of urging the city's residents to help themselves by patronizing home business, the campaign was aggressively promoted through newspaper ads, direct mail pieces, car cards, and window display streamers. Particularly effective was a two-color leaflet, distributed to 50,000 families and 4,000 commercial enterprises, giving the reasons for supporting the home town.

Harlan H. Griswold, vice-president of the bank, said in a letter to businessmen:

"The whole welfare of the city seems to us to rest on the degree of enthusiasm we can generate to help ourselves by buying, banking and boosting Yonkers. We hope that

there will be many other similar efforts all looking toward this same long-term objective. A constant effort in this direction has been a fixed policy of this bank since it started. It has paid off for us."

The three B's featured in the leaflet (Buy, Bank, Boost) said in the brief text that they'd "like to see more modernization in our business section . . . more modern store fronts and new buildings." Also: "We'd like to see more schools, houses and apartments . . . all the things that are possible only in a prosperous community. And we know that Buying in Yonkers, Banking in Yonkers and Boosting Yonkers are 3 Big Steps toward a more prosperous Yonkers."

"We bank in Yonkers," it continued, "so that our dollars can 'work' at building and developing our community. Our money, to-



gether with that of thousands of other depositors, is put to work in sound, productive loans to Yonkers producers and consumers."

As an example, the bank reported that last year it made 9,500 loans in the city, totaling \$9,250,000, "thus furnishing the financial energy for a very large and important part of the economic activity in this city."



Exceptionally fine wood-carving beautifies this rosewood piano

THE CAMPBELL HOUSE

*bought
with beaver pelts*

AN AURA of mystery long surrounded the Campbell House in downtown St. Louis where two wealthy bachelors lived behind closely shuttered windows. The two recluses were the sons of Robert Campbell who crossed the plains and won wealth in the early days of the West. Among his companions were Kit Carson, Jim Bridger and other notables of that adventurous era, and Campbell's own exploits as fur trader and Indian fighter have been mentioned by several writers including Washington Irving.

At the age of twenty, Campbell came to St. Louis from Ireland in 1824, and the following year joined an overland expedition for the sake of his health. In time he became a trapper and later co-owner of an important fur trading company.

Before the famous battle with the Blackfeet at Pierre's Hole, Campbell and his friend William Sublette made their wills as they dashed forward on horseback to join the fray, each naming the other executor. During the fight Campbell displayed great bravery by carrying his wounded friend to safety under fire. Despite his numerous hostile encounters with the Indians his fairness and integrity won their lasting respect.

After amassing a fortune in beaver pelts, Campbell returned to St. Louis in 1836 and became one of the town's most influential citizens, serving as president of two banks, owner of the Southern Hotel and much real estate. In 1854 he acquired the Campbell House which had been built in 1851.

During the Mexican War Campbell



played a prominent part by recruiting and equipping four regiments for General Kearny's march to Santa Fe. His long-standing friendship with the Indians was put to use when he joined Father De Smet, the great missionary, in a treaty council at Fort Laramie and again when he served as member of the Indian Commission appointed by President Grant.

Campbell's death in 1879 was followed by his wife's three years later after which the house passed to their sons who lived in seclusion, jealously guarding it from change. Thus in 1941 when a

group of public-spirited organizations and citizens raised the money to purchase the house from Yale University to which it had been deeded, the fine old 19th century dwelling remained just as it was in Campbell's day. Under the auspices of the Campbell House Foundation it is now a museum, preserving the atmosphere of the city's "golden decade" of the 1850's.

* * *

The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

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Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

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Eyes North — for Business!

No American businessman interested in new markets and sources of supply can logically overlook Canada.

Your neighbor to the north is also your *best* customer. It's a prime market.

And Canada *produces*—it's one of the greatest store-houses of natural wealth, a first-line source of supply.

It's good sense and good business to consider Canada. The Canadian Bank of Commerce, with over 550 branches across the continent, will be pleased to help you in any way possible in your trade with Canada. Please call on us.

*These facilities are at the disposal of American banks
in behalf of their customers*

Enquiries
welcomed.



Monthly Commercial
Letter upon request.

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

550 Branches across Canada and in

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO
LOS ANGELES LONDON, ENG. AND THE WEST INDIES

Bank Advertising: TV vs. Radio

BANKS which have been putting any part of their advertising money into radio must act now to prevent liquidation of that investment by television, John J. Barry, vice-president of the National Shawmut Bank, Boston, Massachusetts, told the Business Development and Advertising Conference at the Golden Anniversary Convention of the American Institute of Banking.

"There are those in banking who may say that since they have never used radio to advertise, television offers no challenge," Mr. Barry said. "I am not in accord with that view. Television bids fair to become so dominant a part of everyday living that all of our habits of the past half century will be affected—habits which have governed our absorption of intelligence."

Change in Habits

Among the habits which may be changed by television cited by Mr. Barry were the possible decline in importance of evening newspapers and growth in importance of morning newspapers, a drop in automobile driving in the evening, a tremendous decline in movie attendance, less dining out, fewer magazines, and fewer books.

"However," he added, "I must say that over the years television will also strengthen some of the advertising in some of the media which have been standard up to this time. Television's impact is so great that advertising related to and tied back to the images cast upon the TV screen will cash in on the remembrance value when displayed in other media. For example, a trademark or a slogan which is on television will acquire a new depth of penetration wherever repeated."

"Even with an economical expenditure, the bank advertiser can do something in television never before possible in any other medium—demonstrate and illustrate banking services and advantages in the living room. That is the unique and revolutionary power of the new medium—that and the penetration. Here is an open door to the homes and firesides of America."

*If your business
offers Quality...* your letters should be on a distinguished Parsons Paper," says King Cotton. The first requirement in fine stationery is that it be made with *new* cotton fibers. Just as necessary is careful craftsmanship. Parsons offers seven kinds of cotton fiber papers for stationery and documents from 100 % new cotton and linen fibers to 25% new cotton fibers.

MAKE THIS TEST...

King Cotton, symbol of quality in paper, suggests: "Write for a *free* package of Parsons Paper. Then when you order stationery, have some made on this *fine* paper—so you can see and feel the difference with your own letterhead." Parsons Paper Company, Department 7E, Holyoke, Massachusetts.

It Pays to Pick
PARSONS
P A P E R S

The Art of Exhibiting Art

RECENT experience indicates that an art exhibit in a bank can do a good public relations job.

United States Trust Company of Paterson, New Jersey, had 4,500 visitors to see the showing of home talent pictures displayed on the walls of its public space. And Peoples Bank & Trust Company of Rocky Mount, North Carolina, had an exhibition of work by local artists which proved so successful that it was held over for a second week.

The show in the Paterson bank, arranged by Vice-president Frank E. Smith, an artist himself, displayed 100 pictures painted by 58 exhibitors, most of whom were amateurs; a few professionals entered work. Cash prizes of \$15, \$10 and \$5 were offered for the three entries adjudged best by a jury of artists, and there were several honorable mentions.

Publicized in advance by local newspaper stories and circulars, the exhibit was originally scheduled for two days, but was extended to three.

Entry blanks were obtained from the bank's offices and from two Paterson art dealers. Each exhibitor was permitted to hang two pictures. No entry was rejected. A printed catalogue, listing each entry, was distributed to the visitors. Some of the pictures were offered for sale, and a few sales were made during the show.

The jury's selections were supplemented by public vote for the most popular work, which received a special prize of \$5. All awards were presented at a meeting of the

TOP—The New York Savings Bank exhibited prize-winning paintings featuring scenes of the city by artists of Greenwich Village art center gallery

CENTER—Part of the United States Trust Company's exhibit in the officers' section of the bank

BOTTOM—Pictures hung in the lobby of the same bank



Need a Medicine Man in Philadelphia?

• When bankers need help to transact customers' business in the Philadelphia area, it is becoming standard practice to call on Central-Penn for all their needs.

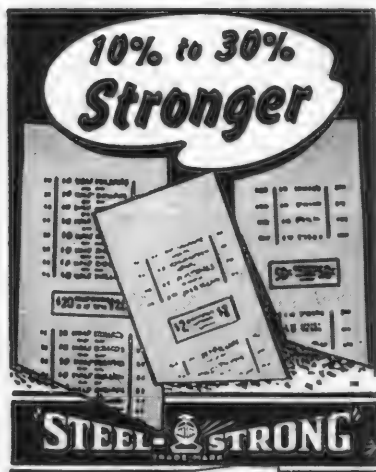
• They know that Central-Penn understands the market thoroughly... and is in a position to prescribe properly for every specific problem.

• May we explain our services to you?

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



OLD STYLE COIN WRAPPERS

The stock is Kraft, 100% Spruce—the strongest made. Gives coins greater protection as actual tests prove. Imprinting indicia in colors, figures, and letters provides triple identification to every package, thus increases legibility, speed in handling, and greater accuracy. Tapered edges and gummed straight edges. Packed 1,000 in a box.

FREE SAMPLES—Write Today, Dept. N

The C. L. DOWNEY Company
HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers



An exhibit of 120 paintings by local artists was a feature of the 19th birthday open house celebration at Peoples Bank & Trust Company, Rocky Mount, N. C. Entries were not judged and no prizes were offered. Adults were permitted to enter three paintings or drawings. It was the most popular exhibit the bank had had in a year's experience with displays

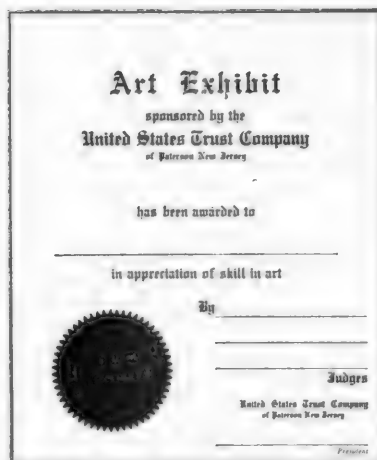
exhibitors held at the bank after the exhibit. Each winner got a certificate signed by the bank's president, Albert J. Baisch.

During the week after the show the winning pictures were on exhibition in the officers' section of the bank and in a prominent window. A picture by each of the judges was also shown.

The Rocky Mount bank's exhibition consisted of 120 paintings by local artists who were invited by radio, through the press, and by direct mail, to participate. The response far exceeded the bank's expectations, and all available space in four of the bank's departments was required to show the oils, water colors, temperas and drawings. No prizes were offered.

The bank reports that the art show created greater interest and attracted more visitors than any of the weekly lobby displays it had held during the past year.

The New York Savings Bank, at 8th Avenue and 14th Street, not far



Certificate of award given by the United States Trust Company

from famous Greenwich Village, drew many visitors with its display of prize-winning paintings featuring scenes of the city by artists of a gallery in the Village Art Center.

By the Way—

Niagara Falls moves a mile in 4,000 years. Just like traffic on any Main Street.

A wife can make or break her husband. Some do both.

Nobody gets an education like the person on a two-party line.

The fellow who never makes a mistake takes his orders from one who does.

Equip your bank

with the best!



Only

BURROUGHS

MICROFILMING

The fast, thrifty recorder photographs fronts and backs of documents simultaneously or fronts only at the flick of a switch. Amazingly simple automatic feeder accommodates documents up to 9½ inches wide.

GIVES YOU ALL THESE ADVANTAGES... AT ONE LOW PRICE!

Burroughs offers you the finest in microfilming equipment, precision built by Bell & Howell, an acknowledged leader in the manufacture of fine photographic equipment.

Burroughs is faster! Here's recording speed that can't be matched. Up to 400 checks a minute photographed with automatic feed . . . 100 a minute with hand feed.

Burroughs cuts film costs . . . gives clearer pictures! The 37-1 reduction ratio is the greatest in high speed microfilming; permits more documents per film foot, cuts film costs. The recorder takes sharper, clearer pictures, for projected images unequalled for easy readability. And the 24 strategically located Burroughs processing centers provide fast service—anywhere.

Burroughs saves money—right from the start! Outright

ownership of the equipment means you invest only once and the finest in microfilming belongs to you . . . that you are permanently free from the expensive nuisance of leasing.

Burroughs offers long experience . . . and better service! Burroughs brings you the benefits of sixty years' experience in mechanizing figuring and recording procedures, plus equipment built to uncompromising standards of quality by Bell & Howell. And Burroughs world-wide, world-famed mechanical service organization keeps your equipment in peak running condition all the time.

Find out for yourself how Burroughs microfilming can save you more money, more time, more space. Call your Burroughs man for a demonstration today.

TWO IMPORTANT NAMES IN MICROFILMING

Bell & Howell
MANUFACTURER

Burroughs
DISTRIBUTOR

WHEREVER THERE'S BUSINESS THERE'S

Burroughs





THE FIRST NATIONAL BANK OF DENVER, in observance of its 85th anniversary, publishes a folder sketching the key steps in the development of the commerce and industry of Denver and Colorado. The First's predecessor, Clark, Gruber & Co., began business in 1860 as a private bank and a minter of gold coins. Its extensive banking business was merged into the present national bank in 1865.

The HOUSTON BANK & TRUST COMPANY of Houston, Texas, observed its 75th anniversary with a small historical display which included the original handwritten charter, old minute books, and photographs. The bank was first called the Houston Land Trust Company.

PEOPLES BANK AND TRUST COMPANY of Cedar Rapids, Iowa, 50 years old on June 1, called public attention to its anniversary in a number of ways: a gold seal for the letterhead, advance newspaper and radio advertising, window and lobby posters and historical exhibits. There was also an anniversary banquet for the official family and an open house celebration.

THE PEOPLES STATE BANK of Newton, Illinois, celebrated Birthday No. 75 with a number of features, including a reception at the bank and an entertainment at the courthouse. Altogether, the bank was host to more than 3,000 persons on its anniversary.

The KENTUCKY TRUST COMPANY of Louisville reached its half-century milestone on July 10. Originally the Kentucky Title Savings Bank, the institution added "and Trust Company" to its name when trust papers were acquired. The present name

was adopted in 1944. The First National Bank was purchased in 1909, and the affiliation continues. In the group are also the First Kentucky Trust Company, investing member of this bank family, and the First Kentucky Fire Insurance Company. The old title company was sold in 1936. The Kentucky is now primarily a commercial banking and trust institution.

The VALLEY NATIONAL BANK of Phoenix, Arizona, publishes a full-sized book, *Financing the Frontier*, to help celebrate its half century.

The author Ernest J. Hopkins, a teacher and practitioner of journalism, has written the story of the bank's half century. It is also, Mr. Hopkins points out, to an important extent the story of Arizona, "for the little \$25,000 bank that started in a frontier cattletown and grew into the largest bank in the Rocky Mountain region has financed, first and last, much of the extraordinary growth of the state."

MONROE COUNTY SAVINGS BANK of Rochester, New York, has issued
(CONTINUED ON PAGE 24)

The Middletown (Connecticut) Savings Bank, celebrating its 125th anniversary this year, has on display the 300-year-old oaken cupboard that played an important part in the bank's founding. In the early 1800's the cupboard, an outstanding example of 17th Century English craftsmanship, stood in the drugstore of Samuel Southmayd. Pharmacist Southmayd was a trusted man of affairs, and from time to time his fellow citizens brought him money and valuables for safekeeping. He stored them in the venerable wooden chest. Eventually Main Street merchants decided that more adequate banking service was needed, and in 1825 The Middletown Savings Bank was chartered, opening for business July 23 in Southmayd's office. Today the old cupboard, loaned by its present owner, Yale University, is a center of interest in the lobby, particularly to visiting school children to whom is told its story and the bank's



RAPID ROUTER



This *new* service of **THE FIRST**
provides even *faster* collections

Here's what happens to your *important sendings*—checks or other items on which you desire special attention—when addressed to our new Lock Box R R (Rapid Router):

1. They are sorted to Lock Box R R by the post office, separate from our regular mail.
2. They are collected from the box at frequent intervals during the day, evenings, early morning, and Sundays.
3. They are immediately delivered to experienced transit personnel at our Rapid Router desk and the fastest means of making presentation is selected.
4. They are promptly microfilmed, and it is possible—through this new Rapid Router service—for your important sendings to be on their way within thirty minutes from the time they reach The First.

Try this accurate, dependable, and even *faster* service with your next important sending—whether

or not you have established a correspondent relationship with The First. Just address it, with a separate letter of transmittal, to:

**LOCK BOX R R
CHICAGO 90
ILLINOIS**

If you like this new Rapid Router service—and we know you will—we shall be pleased to furnish additional information and provide, upon request, a supply of printed envelopes with your return address on the corner card.

DIVISION F

The Banks and Bankers Division

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HAROLD W. LEWIS	<i>Vice-President</i>
MELVIN H. THIES	<i>Asst. Vice-President</i>
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VICTOR C. VON MEDING	<i>Assistant Cashier</i>
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The First National Bank of Chicago

Dearborn, Monroe and Clark Streets
Building With Chicago Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

GADGETS

Seldom do we take time to measure the time-saving value of "gadgets". Whenever one is developed we experience a brief moment of enthusiasm and perhaps even go off the deep end in our evaluation of it. All too soon, however, is it merged with other things and more or less loses its identity and its significance.

A case in point here at DeLuxe is a little gold stamping machine which we bought some years ago to imprint the names of individuals on our pocket check covers. We paid about eighty dollars for this little machine and the manufacturer told us it would stamp up to four hundred covers a day with a good operator. We now stamp two thousand covers in six hours.

The reason for this additional output is "gadgets". There are so many and they look so formidable that by comparison the original machine appears dwarfed. People who watch the stamping operation for the first time are not too impressed with the time controls,

pressure controls, heat controls, automatic locking devices and automatic ejectors, but we who lived thru each experiment, and saw its final and successful application, appreciate what each does for us. With several such units in operation, stamping well over a million covers a year, a considerable amount of money is involved and a large amount of money is saved.

More gratifying than the gadgets themselves, however, is the realization that about fifteen different people created and built them in order to "do it easier", and these same people, and many more like them, are coming up all the time with other gadgets to save time on other operations. In the race to keep production costs within reasonable limits we cannot depend wholly upon major pieces of equipment because they will not do any more for us than for anyone else, but as long as we have these gadgets, and the people who are interested in developing them, we are able to effect offsetting savings that keep our costs in line.



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

**SCUDDER
STEVENS
& CLARK
FUND, Inc.**

**SCUDDER
STEVENS
& CLARK
COMMON
STOCK
FUND, Inc.**

Available at
Net Asset Values
Prospectus on Request

10 POST OFFICE SQUARE
BOSTON 9, MASSACHUSETTS



**THE BANKER
WANTS TO
KNOW—**

about the contingent liability created by wide differences between original and replacement costs—the effect on balance sheet, profit and loss, insurance. Appraisal furnishes the answer.

The **AMERICAN
APPRAISAL
Company**

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

(CONTINUED FROM PAGE 22)

a brochure to mark the celebration of its 100th anniversary.

THE FIRST NATIONAL BANK of Bloomingdale, New Jersey, published an eight-page tabloid newspaper, the "Quarter-Century Review," in connection with its 25th anniversary. The paper was illustrated with more than 50 pictures, some of which recalled national news events of the period. Others covered local happenings and the activities of the bank. A center spread showed the town's development during the 25 years. The bank's growth was highlighted in pictures and news copy.

SCARSDALE (New York) NATIONAL BANK AND TRUST COMPANY, on its 30th birthday, sent depositors a letter, signed by Board Chairman RUSH WILSON, thanking them for their patronage.

News About Banks

THE FIRST NATIONAL BANK AND TRUST COMPANY of Tulsa, Oklahoma, will open its new 20-story home with extensive festivities on July 29, its 55th birthday. The program includes a morning dedication ceremony, with President R. OTIS MCCLINTOCK officiating; an afternoon entertainment featuring Dinah Shore; and an evening concert by the 80-piece Tulsa Philharmonic Orchestra conducted by H. Arthur Brown. Gladys Swarthout and Deems Taylor will share the spotlight. The program will be given outdoors at the bank's corner.

(CONTINUED ON PAGE 26)

Among the first donors at a Red Cross blood-mobile visit to Bankers Trust Company, New York, was Ann Buchan, a page girl who studies ballet dancing. She was ballerina in the musical entertainment given at the annual Bankers Club ball.





Ways to Lick LIQUID LIABILITY

● When you say that collateral has "washed out" it may be no figure of speech. It is a physical fact when your ultimate security is land where soil erosion runs rampant.

Whole fields and farms, to a total acreage equal to whole states, already have been completely ruined. Now written off, they are not your worry. You do have a stake in surviving farms, most of them suffering a steady loss by sheet erosion. The average farm has lost one-third of its topsoil, but the average farmer can hardly believe it.

This booklet tells him how to "Win Against Water." It points out the roles of vegetative cover, organic matter, tillage methods, and terracing. It shows how to build broad-base terraces with the one-way disk plow. A similar booklet on "Island Terracing" is for farmers who use moldboard plows.

While it inspires and instructs the farmer to apply erosion controls with his own equipment, either booklet urges him to seek technical

guidance from the Soil Conservation Service, state and county agencies. It credits them as creators of methods set forth in its pages.

We invite you to send for copies of these booklets and for a supply if you can put it to good use. We also want you to know that, in our belief and our policy, the financing of farm machinery sales is business that logically and rightfully belongs to local banks.

CASE



FULL-COLOR MOVIES

Motion picture films with sound are available in 16 mm. size for showing to schools, civic groups, farmer meetings, conservation clubs, etc. Some of the subjects are terracing, contour farming, pond-building. Send for latest edition of "Visual Education Materials"—a catalog of Case films, booklets, wall charts. Address Educational Division, J. I. Case Co., Racine, Wis.

(CONTINUED FROM PAGE 24)

ANGLO CALIFORNIA NATIONAL BANK has opened an annex to its head office in San Francisco.

THE BANK OF VIRGINIA, Newport News, introduced its new quarters to the public with a morning coffee hour and a late afternoon and evening open house.

THE PENNSYLVANIA COMPANY FOR BANKING AND TRUSTS, Philadelphia, has started construction of its Independence Hall branch at Sixth and Chestnut Streets.

THE NATIONAL NEWARK & ESSEX BANKING COMPANY of Newark, New Jersey, is constructing the city's first drive-in office.

NATIONAL SHAWMUT BANK of Boston, has begun work on a Kneeland Street office, its 29th branch.

UNION PLANTERS NATIONAL BANK & TRUST COMPANY of Memphis, has installed a drive-in facility at its parking lot a block from the main office.

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY of Pittsburgh has acquired the National Bank of Springdale which is being operated as a branch.

THE FRANKLIN NATIONAL BANK of Franklin Square, New York, plans to open a branch in Levittown Center, largest suburban shopping center in the eastern United States.

In Evansville, Indiana, plans have been announced for merging the **NORTH SIDE BANK** with the **OLD NATIONAL BANK**.

FIRST AMERICAN NATIONAL BANK of Nashville plans to remodel and reequip its main office.

CENTRAL NATIONAL BANK of Cleve-



The staff of the Peoples State Bank of Newton, Illinois, dressed in old costumes, help celebrate the bank's 75th birthday

land recently marked its 60th anniversary.

Colonial-American Bank of Roanoke, Virginia, held an open house to mark completion of an extensive remodeling and enlargement program.

The National Exchange Bank & Trust Company of Steubenville, Ohio, invited the public to inspect its newly remodeled quarters. The 134-year-old bank's president, H. E. MCFADDEN, is now in his 51st year with the institution.

The Springfield (Ohio) Savings Society, which has moved to larger quarters six times in its 78 years, has reacquired the "Trappers' Corner," where it began business in 1872, and plans to erect a modern banking building on the old site.

★ ★

ELLIOTT V. BELL, former New York State superintendent of banks and now executive committee chairman of the McGraw-Hill Publishing Company, has been elected a trustee of **The Dime Savings Bank** of Brooklyn.

HERBERT A. LEGGETT, vice-president of Arizona's Valley National Bank, was chairman of the Governor's Industrial Development Committee which recommended three industrial tax revision laws that were enacted by a special session of the Arizona legislature. The measures provide tax relief which will help attract new industries to the state.

JOHN T. MADDEN, president and chairman of the Emigrant Industrial Savings Bank of New York City, received the honorary degree of Doctor of Humanities from St. Michael's College, Winooski Park, Vermont.

DUNCAN H. NEWELL, JR., formerly with the Old Colony Trust Company of Boston, is now vice-president in charge of the trust department at the First National Bank of Portland, Maine. Mr. NEWELL is an alumnus of The Graduate School of Banking. At the Old Colony he was an assistant investment officer.

LOUIS F. RAHMER, formerly senior credit analyst of the Bank of New York and Fifth Avenue Bank, New York City, is now with The Bank of Virginia, Richmond, as vice-president in charge of the credit analysis department.

Changes at Boston Bank

STATE Street Trust Company of Boston has made several changes in its top management.

EDWARD L. BIGELOW, formerly vice-president and chairman of the trust committee, is now president, succeeding **ALLAN FORBES** who had held that office since 1911. Mr.

(CONTINUED ON PAGE 28)



At Houston Chapter's dinner celebrating A.I.B.'s 50th anniversary: Left to right, Ben H. Wooten, president, First National Bank, Dallas, the principal speaker; Chapter President Cecil Purifoy; Toastmaster P. P. Butler, president, First National Bank, Houston



Mrs. Ferne Mikelis, George W. Guillard, Vice-President, and Russell Geer, Cashier, reviewing customer records of the Hartford National Bank and Trust Company.

FASTER ACCESS *to customer facts* at *America's fourth oldest bank*

Just one place to look . . . and just one quick glance . . . that's all it takes to locate any needed item of customer information at the Hartford National Bank and Trust Company of Hartford, Conn.

Their customer facts are *centralized* in a Kardex-Chaindex record. It's 30 to 60% faster than conventional files or loose leaf systems because of *visible* reference to individual customer card pockets and compact arrangement of *complete* information within.

Most of the entries are an effortless by-product of essential records from the various departments of the bank . . . printed from address plates on interlocking

Chaindex cards. These are snapped into place in a jiffy in the appropriate Kardex pockets or removed just as readily. The record is always up to the minute.

Putting in a system like this—tailored to your needs—is a job that Remington Rand installation experts could do so smoothly you'd hardly know they were on your premises. But you'd see the *results* in a hurry—new speed and added efficiency for every department of your bank. May we give you more details? No obligation, of course. Phone the Remington Rand office nearest you or write to Management Controls Reference Library, Room 1762, 315 Fourth Avenue, New York 10, N. Y.

Remington Rand

THE FIRST NAME IN BUSINESS SYSTEMS

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When you think of Pittsburgh's "Gateway Center"



"Gateway Center"—a group of magnificent commercial buildings adjoining Pittsburgh's projected Point Park—is assured by 1952. This project has been accomplished through Pittsburgh's Urban Redevelopment Authority, which looks ahead to assisting with other major improvements.

The co-operation of numerous agencies is available to those who wish to take advantage of the new opportunities offered by Pittsburgh. For information, address the Pittsburgh Industrial Development Council, Pittsburgh 19, Pa. And for banking and Correspondent services, you can rely on Peoples First National. With 16 offices in the Pittsburgh area, it is ideally equipped to serve you.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Member F. D. I. C.



E. L. Bigelow



C. H. Kellstadt

(CONTINUED FROM PAGE 26)

FORBES was elected chairman of the board, and CHARLES FRANCIS ADAMS was made honorary chairman of the board, a new office.

Mr. BIGELOW, a trustee of Wellesley College, was with the investment firm of Tucker, Anthony & Company, Boston, before joining the State Street Trust in 1934. He served briefly in World War I and for three years in World War II, both as a civilian and in the OSS, and as a lieutenant colonel in the Army. Great Britain honored him with the Order of the British Empire for his services to the Allied cause.

CHARLES H. KELLSTADT, vice-president of Sears, Roebuck & Company, in charge of its southern territory, has joined the directorate of The First National Bank of Atlanta.

JOHN V. BRUEGGE, JR., assistant cashier of Union Planters Bank and Trust Company, won the \$100 Frank K. Houston Award in an essay contest sponsored by the Tennessee Bankers Association. The subject was "The Bank's Welfare and That of Its Community Are Mutual."

WILLIAM G. F. PRICE, formerly of the American National Bank and Trust Company of Chicago, has joined Bank of the Manhattan Company, New York, as a vice-president at the 41st Street branch.

Albany (New York) Savings Bank has made HENRY A. KROUSE an assistant treasurer.

Hibernia National Bank, New Orleans, has appointed WILLIAM T. EDDINS and GEORGE W. PICOU to assistant cashierships. Mr. Eddin was formerly a special representative of the Federal Reserve Bank of Atlanta.

Syracuse (New York) Chapter, American Institute of Banking, and Group IV of the New York State

Bankers Association held a joint annual dinner meeting in Syracuse.

The banks of Richmond, Virginia, saluted the A.I.B. during the two weeks immediately preceding the Institute's national convention at Minneapolis. Educational displays emphasizing the value of the A.I.B. to bank personnel and to the public were placed in bank lobbies and in department store windows by Richmond Chapter of which HARTWELL F. TAYLOR, national president in 1949-50, is a member.

EDWARD L. CLIFFORD, vice-president of the Rhode Island Hospital Trust Company and the Rhode Island Hospital National Bank, Providence, becomes president of the Worcester County Trust Company, Worcester, Massachusetts, on July 1. He succeeds WILLIAM D. IRELAND, new president of the Second National Bank of Boston.

The Public National Bank and Trust Company of New York has promoted EDWIN L. EMERY to assistant vice-president. HENRY J. DENGEL and JOHN T. LAWRENCE were made assistant cashiers.

Recent promotions at the Marshall and Ilsley Bank of Milwaukee include: SHERBURN M. DRIESSEN, vice-president and assistant trust officer; CLARENCE F. TESCH and JOHN A. PUELICHER, son of President ALBERT S. PUELICHER, assistant vice-president; GEORGE C. PETRAN and ELMER J. KOEPKE, assistant cashier.

Guaranty Trust Company of New York has appointed WILLIAM A. MC-RITCHIE a vice-president in the trust department.

CHARLES W. WARFIELD has been elected vice-president of the Guaranty Bank & Trust Company, Worcester, Massachusetts. He was formerly assistant vice-president.

C. W. Warfield

W. A. McRitchie





B. H. Wooten



J. H. Roach

BEN H. WOOTEN, president of the First National Bank in Dallas, received the honorary degree of Doctor of Laws from the University of Arkansas at the 1950 commencement exercises. The award was made in recognition of the banker's "professional success and his services to the State of Arkansas and to the university." Mr. WOOTEN's activities in Arkansas civic affairs have included the chairmanship of the State Planning Board which planned for state institutions, including the university.

JOHN H. ROACH, a graduate of The Graduate School of Banking, has been made secretary of The Franklin Savings Bank, New York, effective July 1.

J. E. DREW, a former vice-president of American Trust Company, San Francisco, and a former deputy manager of the American Bankers Association, has been made public relations director of Lever Brothers Company.

ROBERT H. WHITACRE has been appointed assistant vice-president of the Anglo California National Bank.

Six Dallas high school students, winners of the 14th annual Fred F. Florence Thrift Essay Contest, received their awards in the office of Mr. Florence, president of the Republic National Bank. Barbara Bowling, left, top winner, won a scholarship to Southern Methodist University. Runners-up—Dan Dawson, Lee Roy Nichols, Joan Lively, Barbara McLaughlin, Nancy Chewing—got cash awards

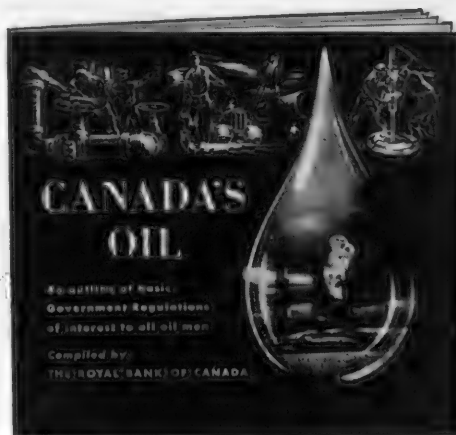


Canada's Oil...

A new brochure has been prepared by The Royal Bank of Canada, "Canada's Oil Bank," to provide basic information for oil men interested in Canada's oil fields. It is factual, comprehensive and up-to-the-minute.

Here are the important subjects covered in this new brochure—

- Leases and Reservations
- Conservation and Proration
- Immigration
- Minimum wages and holidays with pay
- Business operations in Canada
- Taxation
- Tariffs and Customs Regulations
- Foreign Exchange Control
- Western Canada Petroleum Association



Maps of Western Canadian oil fields, showing locations of The Royal Bank branches, are also contained in the book.

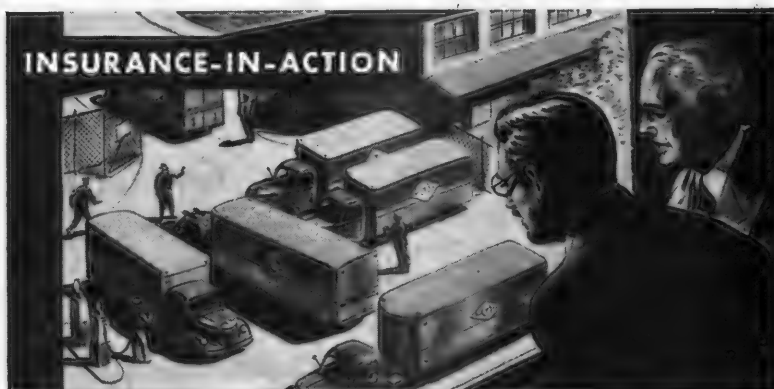
Copies are available on request to the Advertising Department, Head Office, Montreal. Please write on your business letterhead.

Ask the Royal about Canada's Oil

57 branches in Alberta, the "oil" province. Over 730 branches in Canada, the West Indies, Central and South America, New York, London and Paris.

Head Office, Montreal
Assets exceed \$2,334,000,000

**THE
ROYAL
BANK
OF CANADA**



Our truck dispatcher was getting over \$20,000 a year—but we didn't know it!

(Based on Hartford Claim #127763)

We operate a cartage service, making pickups and deliveries for companies that don't have their own trucks. Often our drivers collect C.O.D.'s, and they turn in the money to our dispatcher who sets up the accounts on it for our cashier. We had a very capable man in this dispatching job whom we were paying about \$4500 yearly. But that wasn't enough for him and his taste for gambling and high life. He began to hold back some of the C.O.D. collections and juggle the accounts. In less than a year, before the shortages became so great he couldn't conceal them any longer, he got away with \$16,000! Fortunately we had a \$10,000 Fidelity Bond with the Hartford which we collected in full to partially make up our loss. This experience proved to us that *all* employees should be bonded and for an adequate amount!

• • •

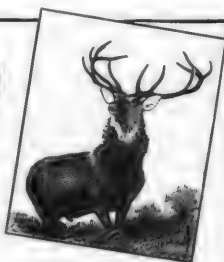
What about *your* clients...are their businesses and *your* loans properly safeguarded against the risk of dishonesty losses? Both may need the protection of Hartford Blanket Fidelity Bonds...the most modern, efficient, economical form available. Your local Hartford agent or your own insurance broker can provide full details about this "Dishonesty Insurance" without obligation. Call Western Union "Operator 25" for the name and address of the Hartford representative in your community, or write to the company for a free explanatory booklet.

HARTFORD ACCIDENT AND INDEMNITY COMPANY

Hartford 15, Connecticut

Hartford Fire Insurance Company
Hartford Live Stock Insurance Company

YEAR IN AND YEAR OUT YOU'LL DO WELL WITH THE HARTFORD



REUBEN G. DANIELSON, vice-president of the Continental Illinois National Bank and Trust Company, Chicago, has retired after 47 years of service. He joined the staff of the old Continental National in 1903 and became transit manager when that bank merged with the Com-

R. C. ADAMS, JR., has been elected president of The First National Bank of Paris, Texas. MAURY ROBINSON, president since 1947, is now chairman of the board.

Newly elected vice-presidents at J. P. Morgan & Co., Inc., New York, are: HOMER P. COCHRAN, BERKELEY GAYNOR, EDWARD E. NORRIS, and WILLIAM B. WEAVER, JR.

DONALD W. KRAUSE, formerly with the University of Chicago and the National Broadcasting Company, has been appointed manager of public relations at the Chicago National Bank.

Appointment of ROBERT B. MENAPACE as vice-president and of RALPH E. KIMPEL as second vice-president is announced by the Guaranty Trust Company of New York. Both are in the foreign department.

JORGE BERMUDEZ, former assistant treasurer of Puerto Rico and former professor of money and banking at the University of Puerto Rico, has been made first vice-president of Banco Credito y Ahorro Ponceno.

BEN R. MEYER, formerly president, has been named board chairman of Union Bank and Trust Company, Los Angeles. HERMAN F. HAHN has been advanced from executive vice-president to president and J. C. LIPMAN from vice-president to senior vice-president.

Valley National Bank of Phoenix, Arizona, has named G. E. ARNOLD, advertising executive, as its publicity director.

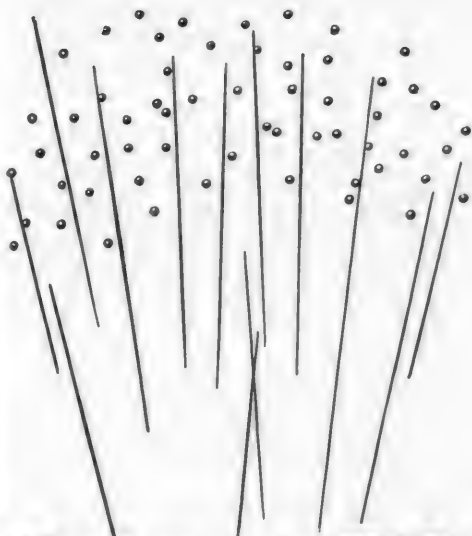


B. R. Meyer



G. E. Arnold

BANKING



Shotgun or Rifle?

*What does your bank need
in Philadelphia . . .*

Greater Philadelphia is a mighty big market—but one that takes a lot of knowing.

That's one of the reasons so many out-of-town banks do business with us.

We've been in Philadelphia a long time—147 years—and we're pretty well acquainted with the people, the businessmen and their companies.

Whether your customers want to blanket the area or hit pin-point objectives, we can provide the data and guidance you'll need for them—the kind of information you don't get in books.

That's only one of the advantages in doing business with The Philadelphia National Bank. May we outline some of the others in more detail for you?



THE PHILADELPHIA NATIONAL BANK

Organized 1803 **PHILADELPHIA 1, PA.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"Our New York collections? We've used Bankers Trust for about 20 years, Harry. Did you know they microfilm all transit items payable outside of New York for their correspondents' protection?"



HIGH-SPEED collection service through Bankers Trust

Where collections are concerned, it's accuracy, speed and dependability that count.

When your bank sends its checks, notes, drafts, trade acceptances and bills of exchange to us for collection, you receive prompt and dependable service—*twenty-four hours a day*. All transit items payable outside of New York are *microfilmed* for your protection.

Modern, high-speed equipment, plus careful work by *experienced personnel*, insure that your bank obtains the proceeds of its collection items with maximum speed.

To further minimize delay, you are invited to write us with a view to securing full benefit from mail and express schedules—both rail and air.

In addition, our experienced Collection Department receives millions of coupons and bonds for collection every year. No matter how great our volume may be, particular attention is given to items that require *special handling*. Coupons and bonds are

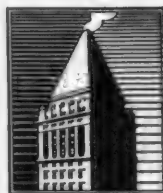
examined to expedite presentation and minimize "returns."

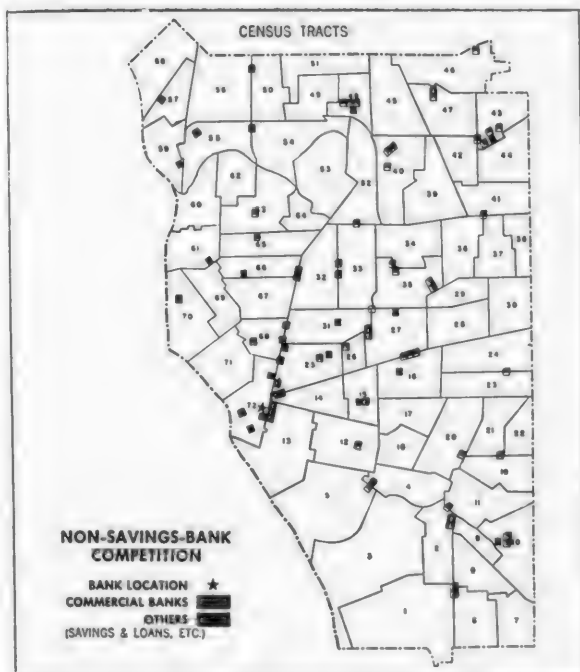
Through our experienced Foreign Division, we can also give you fast collection service on your foreign items.

For full information on the collection service in which you are interested, please write Banking Department, Bankers Trust Company, 16 Wall St., New York 15.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





How a Bank Can Nail Down Its Market

WILLARD C. WHEELER

The author is vice-president of Sales Traffic Digest, Inc., marketing consultants in New York City.

WHEN I was an advertising agency executive I learned to say, first thing, "I know that your business is different." If I didn't, I had to listen for an hour while my prospect expounded that idea to me. But the fact is that all enterprises are alike in more basic aspects than they are different. And that applies to banks, too, which may use many of the modern methods of market analysis which are commonly used by commercial and industrial companies—and with equal benefit. A thick book could be written on this subject, but in this series of articles we will examine only a few of the major principles, with specific examples.

No matter how complicated it may be made, market analysis boils down to these simple fundamentals:

A Common Problem

The case of the "Mutual" Savings Bank in City X illustrates a major question which is quite common. Many savings banks in old, original locations are faced with crucial problems growing out of the changes in recent years in land utilization in the central downtown district and the development of important neighborhood shopping centers in the outlying areas.

When the bank was established, it may have been at the focal point of the business and retail activity on Main Street. Today the retail center may be several blocks removed or the character of the bank's business neighbors may be drastically changed. Should the bank move and if so, where? That is a practical question in-

volving a lot of money, and the final answer must be based upon facts rather than opinions.

Such a situation recently existed in City X. The shopping area had moved steadily northward toward a rival bank and business office accommodations had been diffused over an expanding area. The "Mutual" Savings Bank in that city had to choose one of these three alternatives:

(1) Make a large investment in modernization of the present building, with the expectation that its rate of growth would be accelerated in the future.

(2) Proceed in the belief that its location limited its rate of growth to such an extent that such major investment would be unwise.

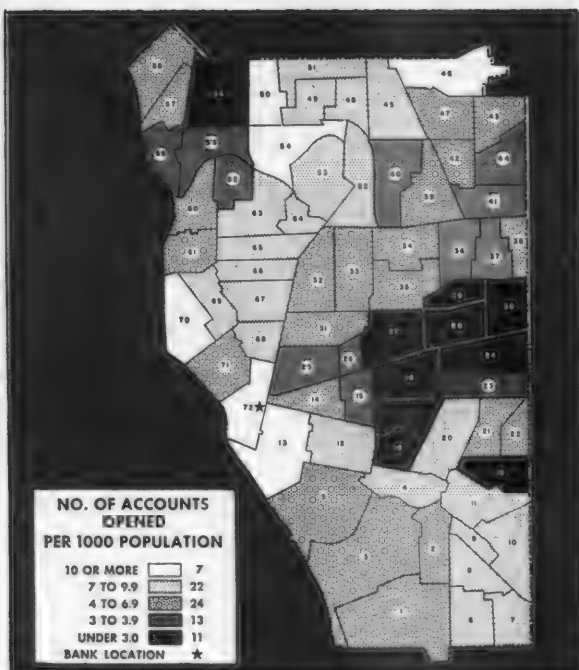
(3) Initiate plans looking toward complete removal to a new central office location.

Although removal to a new location appeared to be supported by sensible argument, the use of modern methods of market analysis produced clear cut evidence of the wisdom of alternative 1.

The market analysis report consisted of 15 maps, two charts and one table, each with one page of comment, and a half dozen pages of general discussion and conclusions. This brevity and visual presentation is typical of modern market analysis. Here it is possible to show only four of these exhibits.

How the Problem Was Solved

At the outset one point must be emphasized. In spite of the fact that bank officers naturally have their atten-



tion focused on dollars of deposits, the most important factor in market analysis is that of the number of accounts opened. This is so because, first, dollars of deposits reflect the changing economic status of old depositors much more than they do fresh money from new depositors. Second, the rate of accounts closed is the most stable factor in any savings bank and, therefore, the rate of accounts opened measures the degree of replacement and growth. Third, the average balance of accounts closed is always larger than that of accounts opened and the number of accounts opened should therefore exceed the number of those closed.

The first step was to chart (page 34) the percentage which "Mutual" got of the total accounts opened in the city month by month over a term of years. This showed that the long term trend had been upward, punctuated by a peak which was caused by a drive for payroll deduction accounts. So, in spite of the fact that the retail shopping center had moved toward the rival bank, "Mutual" had more than held its own in competition. Therefore, this adverse factor was not an insurmountable hurdle and could be discounted.

The second step was to analyze the accounts opened in the current year and in the year five years before so as to get a picture of the changing trends, if any. In this case there were no important changes and the chart reproduced here (page 34) is based upon the new accounts in both years. The size of initial deposit compared favorably with the average bank in the state. The figures for marital status and occupation were in accord with the general pattern. However, the percentages of females and young people were too low.

Spotting Weakness and Strength

So far the analysis had been made in terms of the city as a whole. Next the city was divided into small units and in this case census tracts were used, since

population and other statistics were available in that form. These census statistics showed "who" and "where" the potential market was. The new account figures for each tract showed "who" and "where" the bank's business came from. By computing the number of depositors per 1,000 population in each census tract, a clear picture was drawn of exactly where the bank was doing best and worst in getting new depositors. Similar computations were made with regard to married people, females, young people, etc. In the area where the density of accounts was lowest, a branch was in the process of being opened which would improve the situation. In other tracts, where the figures were well below average, the question "why" was raised for later answer.

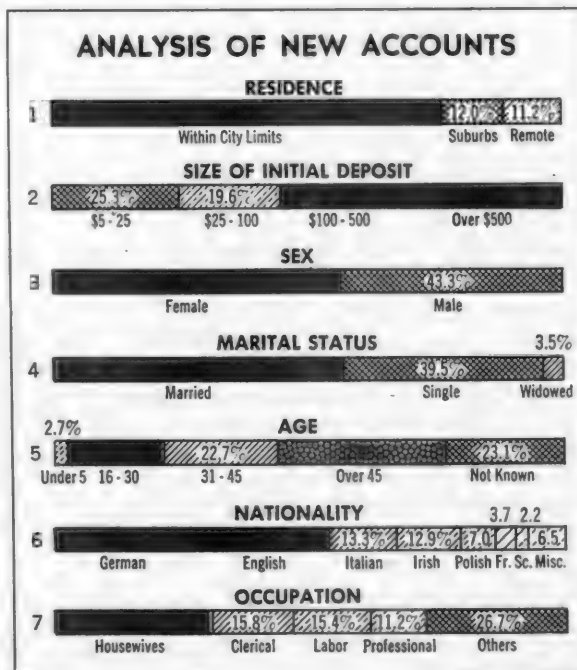
This detailed analysis of density of accounts showed that the economic status of the people as reflected by rentals was not a determining factor as to the number and initial size of new accounts, but that nationality was. This showed which parts of the city market offered the best opportunity for profit.

Spotting Competition

Since most people make personal visits to patronize a savings bank, convenience of location is of primary importance. Therefore, the easiest way to reach people is to be located where they most frequently congregate in large numbers—the business and shopping centers.

In this case there was a large number of local or neighborhood shopping and commercial centers which covered every section of the city. This meant that, exclusive of those who worked in the central business district, most of the people went downtown only occasionally for major shopping purposes. They could be most easily reached only with a multiplicity of branch offices, which was prohibited by law.

However, commercial banks were not similarly re-



stricted and had branches in all neighborhood centers as shown by the map on page 33. Therefore, the savings bank had to rely upon its ability to bring people to it, and transportation became of primary importance.

The Key to the Problem

The bus and streetcar lines which stopped within one block of the front door of the bank were mapped on cellophane and laid over the maps which showed the number of depositors per 1,000 population. The density of depositors was seen to be highest in those census tracts which were served by these lines and lowest elsewhere. Similar cellophane maps of the transportation lines which stopped within one block of the other savings bank showed that they served most of the tracts where "Mutual's" density was lowest.

"Mutual's" location was obviously the best in the city on the score of transportation, since more lines stopped at its front door and these lines covered the most desirable census tracts. To move to a new location would be to lose this demonstratable advantage.

No Adverse Trends

Real estate specialists both within and outside the bank agreed upon the trends of expansion of nationality groups, outlying developments and shifts in the central district, none of which would be adverse. Even more important, they agreed that none of these would materially affect the routing of the bus and streetcar lines.

The Answer in a Nutshell

When presented in terms of maps and charts, the evidence was clear that the only way the savings bank could meet the competition of multiple office service was to be convenient to the greatest number of transportation lines which tapped the most desirable census tracts in the city and the best suburban areas beyond. A move

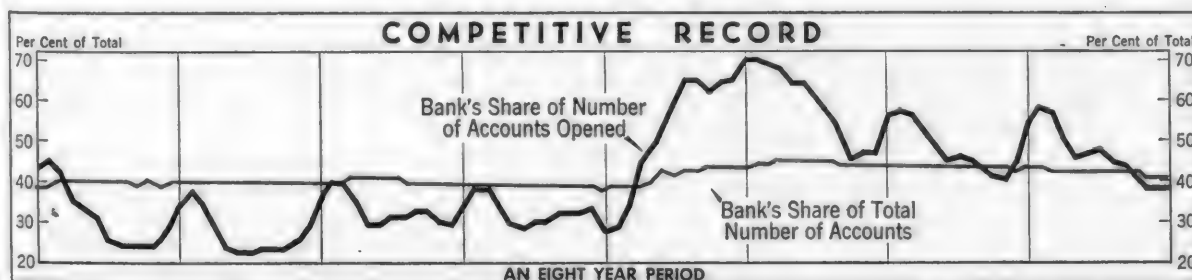


northward to be in the midst of the retail shopping district, which would lose this advantage, was further discounted by the fact that the present location was convenient to at least two of the largest department stores as well as to a majority of the large office buildings. Variety of opinion among the officers and trustees was resolved into agreement, extensive modernization was made, and an aggressive plan of promotion was adopted.

It is good to be able to report that the results to date endorse the wisdom of the decision.

MARKET ANALYSIS BOILS DOWN TO THESE SIMPLE, FUNDAMENTAL QUESTIONS:

- (1) *Whom do we sell or serve?*
- (2) *Where are our customers?*
- (3) *How do we reach them?*
- (4) *Which groups of our customers are most desirable?*
- (5) *What do we offer them?*
- (6) *What trends are visible which will affect the future?*
- (7) *How do we compare with our competition?*



The Fate of Ezra Bottleneck

Drawings by WHITNEY T. KENT

Ezra Bottleneck was just that. His father and his grandfather had probably been bottlenecks. It was certainly a gift, not an accomplishment. He was very busy.



Office engineers were called in to solve the problem.



They decided to make a first-hand survey. Where was Ezra? Way down yonder back of files and piles.



The experts stroked their chins solemnly and said almost in unison, "What he needs is more files." But in no time flat he had those loaded, too.



Maybe more secretaries. But in less time than it takes to tell it each secretary was a little bottleneck herself.



The experts had an inspiration, almost. Why not turn Ezra's desk to face the calendar so he can see what month it is.



Well, they hated to do it, but they finally recommended that the bank move into new quarters and leave Ezra to dig himself out.

The Auditor Now Judges His Audit

JOHN L. CAREY

MR. CAREY is executive director of the American Institute of Accountants in New York City.

IF you should eavesdrop on a group of certified public accountants these days, you are almost certain to hear a reference to "23." You should not assume, on the basis of this experience, that CPAs are currently augmenting their incomes by engaging in the numbers racket. Nor are they reviving that venerable quip used by the gay dogs of the Gay Nineties.

They are merely discussing "Statements on Auditing Procedure No. 23 (Revised), Clarification of Accountant's Report When Opinion Is Omitted."

Now you know. Or could you use a fuller explanation?

Let us first explore the historic background. Members of the American Institute adopted Statement 23 at their last annual meeting. Though the press did not headline this action by CPAs, it had and still has great significance—not only to the CPAs themselves, but to all who rely upon financial statements. It represents an attempt on the part of the accounting profession to develop better practices of financial reporting to meet the needs of third parties. But it is not the first such effort.

Should CPAs Express Opinions?

Back in 1939, a special committee of the Institute issued a report, "Extensions of Auditing Procedure," that covered several matters of great importance to the profession and credit executives, including emphasis on the physical observation of inventories and the confirmation of receivables. The committee also formalized the concept—now part of the Institute's rules of professional conduct—that the CPA should not express an opinion on the fairness of financial statements if his exceptions to a company's accounting practices or the limited



Mr. Carey

scope of his audit would compel him to qualify such an opinion so drastically that the report's value to third parties would be seriously impaired.

This, of course, still left much to be desired. The accountant was expected to withhold an opinion under these circumstances; he was not obliged to state that he was doing so. Many CPAs felt that their duty to third parties has been fulfilled if their reports contained a clear statement of what they did and did not do. Thus, while carefully describing their audit, they did not indicate whether it satisfied them that the financial statements were fair presentations. They believed that the absence of an opinion would warn a reader that they were not assuming responsibility for the statements.

This signal usually alerted another accountant—though even experienced CPAs were often hard-pressed to determine what reliance to place on financial statements when the certifying accountant himself failed to evaluate them. The confusion was naturally greater among third parties. They even made the perilous assumption at times that the accountant was ex-

pressing unqualified approval when he had no intention of doing so.

Statement 23 seeks to improve reporting practices in this respect.

CPA Code on Opinions

If a CPA allows his name to be associated with financial statements, he is now charged to reveal his position in clear-cut language in one of four ways:

(1) When he is satisfied, on the basis of an adequate audit, that the statements fairly present the financial condition of the business and the results of its operations, he should offer an unqualified opinion. This opinion may be presented by itself, thus constituting the accountant's whole report, or it may be part of a detailed report.

(2) When he disagrees in some respect with the accounting procedures used in preparing the statements or when his audit has been limited so that he could not satisfy himself professionally on some aspect of them, he should issue a qualified opinion and clearly disclose his exceptions—unless those exceptions are of such a nature or so material in amount that they preclude even a qualified opinion on the statements as a whole.

These two practices have been commonly followed in the past. Statement 23 is important because of its final recommendations.

(3) When the accountant is unable to express an opinion on the financial statements as a whole, he should make a positive declaration to that effect and lucidly state his reasons for doing so. This denial of an opinion should be included in any written report by a CPA when his exceptions to the accounting principles followed in preparing the statements prevent him from rendering an opinion or when his audit has been less in scope than he deems necessary to render an opinion on the statements as a whole.

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The President at one of his "modernized" press interviews

HARRIS & EWING

What Keeps Congress Spending?

LAWRENCE STAFFORD

IT may surprise many readers, but members of Congress are inclined to think that it is not the folks back home but the Government in general and Congress in particular which is to blame if the drive for Government economy is falling short of its mark.

This was learned by BANKING when it put to several outstanding members of the 81st Congress this specific question: Has pressure from back home been an important factor in blocking Government economy?

"I think that the reverse is probably true," said Senator Harry F. Byrd (D., Va.). Senator Byrd is Chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures. He is a member of the Finance, or taxing, Committee. More than that, however, he is probably the most noted advocate of economy.

Senator Byrd referred to the Jensen and Taber amendments adopted by the House to the omnibus appropriations bill, seemingly together

reducing appropriations by \$1-billion. "Those cuts," said the Senator, "reflect sentiment back home. I am certain they reflect such sentiment."

Senator Burnet R. Maybank (D., S. C.), known to the banking world because he is chairman of the Banking Committee, noted that "I come from a conservative state. From my state local pressure is not a factor blocking economy. I sit up nights worrying about how to achieve economy in face of the fact that 80 percent of the Government's expenditures go to pay for costs of past wars, present defense, and preparations for or for the avoidance of future wars."

Senator Walter F. George of Georgia, the Democratic elder statesman of the South, and Chairman of the Finance Committee, is of the opinion that "the predominant pressure back home is for economy. Of course, there are special pressure groups and cities, which ask for restoration of the cuts Congress has proposed to make in appropriations,

but they don't represent the dominant sentiment of my state. That sentiment is for economy," the Senator stated.

On the other hand, Chairman Clarence Cannon (D., Mo.) of the House Appropriations Committee, sees Congressmen acting purely in a representative capacity in what they do on the subject of economy.

"Of course pressure from back home is the beginning of any activity in Congress," Mr. Cannon explained. "A member of Congress does not introduce a bill, appear before a committee in behalf of or in opposition to legislation, or take other action unless he thinks that what he does represents the prevailing thought of the people back home. Congress is merely a cross-section of the nation; each Congressman is a representative of what the people in his district think and want."

Mr. Cannon also is an advocate of economy, and by his own influence brought about the adoption in the

House of the omnibus or single appropriation bill, covering routine supply allowances, in the hope that lumping most appropriations in a single bill would help to emphasize the magnitude of spending, and discourage it.

As far as his vote was concerned, it was not influenced by local pressure against economy, said Rep. John Taber (R., N. Y.), who touched off more criticism from the bureaucracy than perhaps any other individual by the economies he helped achieve as chairman of the Appropriations Committee during the 80th Congress.

"I have never had any substantial protest from my district on my efforts for economy," said Rep. Taber. "The people up there believe that the dollars they earn should be spent by themselves and not by bureaucrats."

"Essential economy is difficult if not impossible," first, because of the lack of necessary leadership by the President of the U. S. and, second, because the present Democratically-controlled House has rendered itself largely impotent by the denial of essential staff for its Appropriations Committee, explained Rep. Richard Wigglesworth (R., Mass.), a veteran member of that committee. "Pressure from back home has not been sufficiently strong to offset these handicaps," he added.

The leader of the Majority in the House, Rep. John W. McCormack (D., Mass.), is of the opinion that "every member of Congress stands for real economy, but a false economy would be harmful to the country." He described last-minute amendments adopted by the House to the omnibus appropriations bill as harmful.

"Pressure on All Sides"

The leader of the Minority, and former House Speaker, Rep. Joseph W. Martin, Jr. (R., Mass.), said that local pressure is not a big factor against achievement of economy. "Actually there has been pressure on all sides. There has been pressure back home for economy, too. The whole problem boils down to the fact that there are not enough conservative Congressmen to put economy across. I think we have done remarkably well, considering," said Mr. Martin.

The year 1950 has established a new pattern in seasonal proposals for broad changes in the rules of

the game affecting the banking business. That new pattern is that every season seems to have its surprise, its far-reaching scheme.

Last winter there was the notion that the Federal Reserve System should extend its control to the reserves of nonmember banks, and should have a dominant voice in determining interest rates on the public debt when these were paramount to monetary management, among other things.

Although the eyes of almost the whole banking world last fall and winter were on the Monetary Subcommittee of the Congressional Joint Economic Committee, its hearings on these controversial subjects, and its recommendations thereon, that subject has now retreated into history, perhaps for years never to revive, perhaps to pop into public notice again in only a few months, if inflation takes hold.

In any case it was a dead subject for legislative action at this session of Congress.

This spring brought its own proposal for a major change in the Government picture. This was the President's order that the Office of the Comptroller of the Currency should be transferred bodily to the jurisdiction of the Secretary of the Treasury.

Such a plan, which was advanced by the President as a proposed Executive reorganization order under

the Reorganization Act of 1949, would have cleared the legal track for an attempt by some later Secretary of the Treasury to exercise political control over national banks. It was decisively rejected by the Senate, 65 to 13.

Small Business Wooing

This summer's broad new scheme to change the rules of banking and lending was the President's far-reaching small business financing bill, which will be outlined below.

There was every hope at this writing that the bill to extend a credit to member banks of the FDIC, a credit estimated to be equal to about 57 percent of their annual insurance payments, and hence in effect a reduction in the FDIC assessment, would hurdle Congress this session.

Congress was planning to approve a bill putting national banks on an equality with state banks in the receipt of deposits of state and local public monies. The bill would remove the legal impediments effective as to some 22 states.

It was anticipated that Congress would again renew for two years, and once more with a \$5-billion limit, the authority of the Federal Reserve banks to purchase obligations direct from the Treasury. Purpose of this bill is to provide a regular means of meeting possible occasional, day-to-day Treasury overdrafts at the Reserve.

Chairman J. William Fulbright (D., Ark.), of a banking subcommittee studying the RFC, was planning to complete this study about July 15. The Senator is expected to urge a tighter accounting of RFC costs so as to disclose that many small loans are actually made at a loss, and hence are a subsidy. He is also expected to suggest in a formal subcommittee report that the RFC be chary of making loans to "bale out" concerns on the verge of failure while overall business conditions are strong, and to require directors to give an accounting of the reasons for voting in favor of particular loans.

Objections from the Post Office Department again seemed likely to kill any chance of legislation to bring down the rate of interest paid on postal savings deposits. This rate is 2 percent, as compared with an average time deposit rate in banks of 1½ percent, the A.B.A. told the House Post Office Committee. It was

More A.B.A. Stamps

Post Office officials reported that the special 3-cent postage stamp issued to commemorate the 75th anniversary of the founding of the A.B.A. had sold approximately 119-million copies by the end of May, and another order for the printing of 10-million more of these stamps had been placed with the Bureau of Engraving and Printing.

This stamp was first put on sale January 3, 1950. It pictures a factory, a home, and a farm, three of the fundamental creations which are financed with the aid of banks. The Post Office Department will continue to print and furnish copies of the A.B.A. commemorative postage stamp to any bank which wants them, so long as "the demand is good," officials said. Banks may apply for them through their local postoffices, which will get them from the Department.

reported to BANKING that the department said that it wanted to continue the 2 percent rate because so many elderly people would have their earnings on such deposits reduced if the rate were cut. The Post Office Department, however, declined to make public its oral statement to the committee.

There was a widely accepted view that, unless the Federal Reserve Board withdrew its objection to the bill by Senator A. Willis Robertson (D., Va.) proposing the regulation of bank holding companies, this bill had scarcely a chance of enactment this year.

This bill provides for definition and regulation of holding companies by the Federal Reserve Board, FDIC, and Comptroller of the Currency, and for the divestment of holding company ownership in unrelated businesses. Senator Robertson reported that his bill was agreed to by all parties concerned except the Federal Reserve Board.

While it is too early to assess the possibility, some supporters of the Robertson bill anticipate that it will be pressed to enactment in the 82nd Congress, which meets next January.

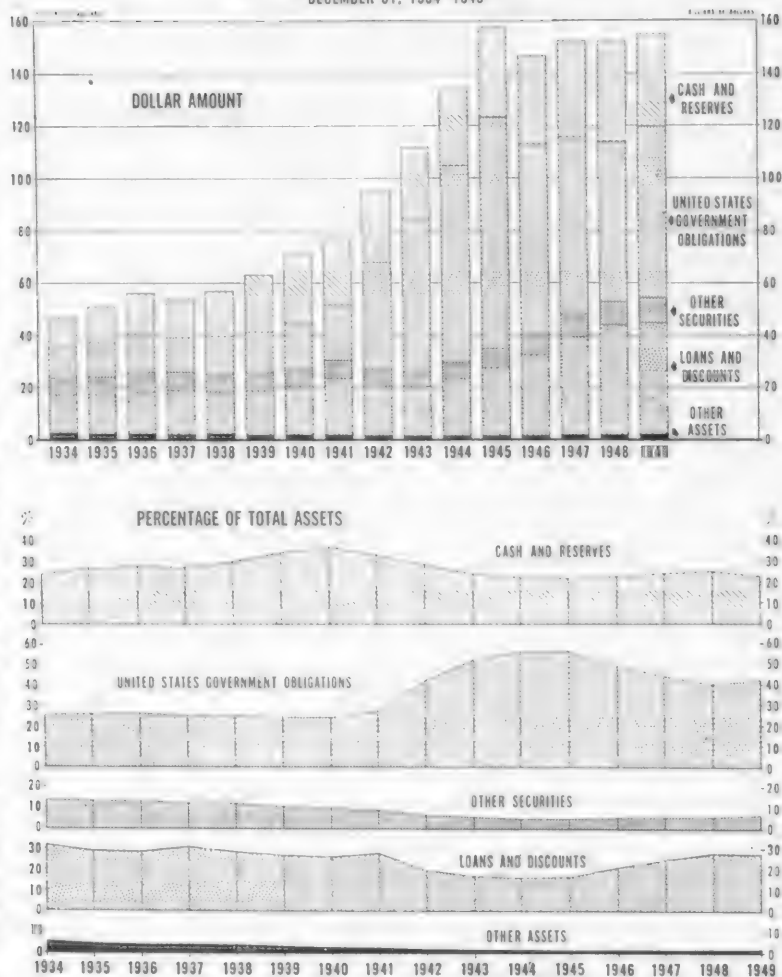
Although the broad terms of the President's proposed small business financing program have been known for some time, the text of the bill drafted by the Administration indicates an endeavor to make sweeping use of Government intervention in this field.

The first part of this program would authorize a nationwide system for insuring bank loans of \$25,000 or less to small businesses. The Commerce Department would administer and set up this system. After the Government provided an initial insurance fund of \$10-million, premium charges of not to exceed 1½ percent on each borrower's loan would supposedly carry the costs of the system. The insurance contract between banks and the Commerce Department would be analogous to that between FHA and banks under Title I loans, or 10 percent of the line of credit, the outstanding insurance reserve to the credit of each bank being subject to revision from time to time.

Part two, or Title II of the President's small business bill would authorize the Federal Reserve System, with the funds of the Federal Reserve banks, to set up an "invest-

ASSETS OF INSURED COMMERCIAL BANKS

DECEMBER 31, 1934-1949



Data from the FDIC

ment company" with a capital initially of "not less than" \$5-million, which could issue debentures to raise further loanable funds. It is presumed that member and non-member banks would and legally could buy into these investment companies.

While this proposed new nationwide system of institutions is included in the small business aid bill, the bill itself does not appear to restrict the activities of these investment companies to small business concerns. They may buy equities in businesses. It would appear that the real objective is to create a new system of investment banks under the close supervision of the Federal Reserve System.

Finally, the bill would, as proposed by the Administration last year, further loosen lending by the RFC. The 80th Congress limit of 10 years on the maturity of a business loan would be abolished. A 10-year maturity would be substituted. On loans of less than 10 years, RFC could, under the bill, make them without adequate collateral.

The importance of these proposals was not eliminated entirely by the improbability of their enactment as a whole this year.

Nevertheless, the White House has committed itself to these far-reaching schemes. They may not be enacted this year, but they will be agitated for some time, until they are, or there is a political change.

METHODS and IDEAS

*This department is edited by
JOHN L. COOLEY of BANKING'S staff.*

A Way to Equalize Posting

BY holding over excess items from Mondays and days following holidays, the NATIONAL SHAWMUT BANK OF BOSTON provides an even flow of daily work for the bookkeepers, Assistant Vice-president A. W. Deibert tells BANKING.

"We discovered," he says, "that we could reduce overtime and avoid peak days in the posting department by equalizing the number of items to be posted each day. For example, after a holiday, we would sometimes receive as many as 87,000 items in one day whereas, on a more nearly normal day, the number would be about 50,000.

"Obviously, if we set up our force to handle 87,000 every day, we would have surplus time when the volume was much smaller. On the other hand, if we attempted to post all of the items on a day when we received 87,000, overtime would be necessary.

"We decided that equalization of the work load would be the best answer to the problem. So we decided to determine what would approximate a normal day by totaling the number of items received on the five previous days and dividing by five. We then determined that this would be the number of items to be posted today.

"Whatever is left after we have posted our 'average volume' is held over until the following day, the schedule for which is again determined by the average for the five previous days. In other words, we compute what is to be normal for each day.

"A holiday is counted as one day. Of course, we don't know how many items actually originated on the holiday; so, in determining our quantity to be posted, we list the holiday as Day No. 1 and opposite No. 1 we place five zeros. Opposite

No. 2, we place 87,000, which is the number of items received the day after the holiday. Number 3 is the next day with 70,000. Number 4 is the next day with 60,000, and No. 5, the next day, has 55,000.

"We want to determine now how many items are to be posted tomorrow in order to keep up the average and still take care of the holiday volume. We total the five items and get 272,000. Then we divide that by four and get 68,000 as the total to be handled. We know then that we must get 68,000 items into the books tomorrow.

"The principle is the same no matter how small the number of checks may be. The point is that if more checks are received on one day than can be readily posted within the regular hours, the surplus can, by this formula, be held over until the following day.

"Of course, the holdover checks are always posted first on the next day."

Speakers Group Aids Public Relations

Bankers on the lookout for special media to carry the banking story to the public will be interested in a method used by THE FIRST NATIONAL BANK OF SAINT PAUL.

Several months ago 18 staff members formed the First National Speakers' Group as a medium for telling St. Paulites about the functions of banks. From its initial project, the organization of Christmas Clubs in business establishments, the Group has extended its activities to include talks to students, service clubs, and other organizations in the Ninth Federal Reserve District. More than 100 addresses have been given by members of the Group.

They have also spoken to elementary and high school pupils and to students in the four St. Paul colleges and the University of Minnesota. Subjects discussed before these audiences include "Banking As a Vocation," "The Commercial Bank's Part in World Trade," "The Relationship of the Federal Reserve to Commercial Banks," "Financial Statement Interpretation," "The Advantages of A.I.B. Training."

In the school program the First National cooperates closely with the superintendent of schools and the directors of elementary, high school and visual education by furnishing them with copies of A.B.A. banking talks and the Association's film, "Pay to the Order Of."

Among subjects covered in talks before civic groups, luncheon clubs

Correspondent bankers' sons and daughters, who are attending college in the area, were luncheon guests of The First National Bank of Saint Paul after a tour of the bank



and other organizations are "Trust Service," "Estate Income Taxes," "Financing Small Business," "Foreign Banking," "Business Outlook."

In its Christmas Club promotion work last winter, the Group's speakers explained the advantages of systematic saving to thousands of employees in St. Paul department stores, insurance companies and industrial plants.

Film Used for Auditing

NATIONAL BANK OF COMMERCE, Memphis, films its statements and thus avoids double posting. However, it makes two copies of the film; one copy is retained in the auditing department and serves as an audit control over all accounts.

Auditor George V. McLean says this is the cheapest and the best type of record upon which control of all accounts can be based. The film is reviewed each month by an auditor and any complaints received from customers are referred to the audit department.

It is to be expected that employees, knowing of this audit control, are unusually careful with the records filmed.

Fast, Fast, FAST!

THE WESTERN SAVINGS BANK of Buffalo, which has been plugging for some time the quick action it gives on mortgage applications, recently inaugurated a service that really provides speed.

The bank has installed mobile telephone units in three of its appraisers' cars. Result: the home office can keep in close touch with the experts while they're afield, and all requests for property inspections are promptly met.

"This service," reports Vice-president William H. Colestock, "is being very well received by brokers, build-

This reminder of an old country store, from the Farmers' Museum of Cooperstown, N. Y., was displayed in a recent travel exhibition at The Bank for Savings, New York City



ers, attorneys, and others who make mortgage applications to the bank. We find that nine out of ten cases carry requests for rush decisions.

"Our new telephone facility, in addition to speeding up our service, saves the time of our inspectors and cuts down gasoline consumption, naturally reducing duplication of inspections throughout the city and suburbs."

Bank Campaigns to Protect Dollar's Value

WASHINGTON MUTUAL SAVINGS BANK of Seattle is conducting a campaign for a balanced Federal budget to protect the value of the dollar. The drive started as a result of inquiries by depositors reflecting concern over the dollar's future if the Government continues the present policy of deficit spending.

"Legally," says the bank's president, Dietrich Schmitz, "all we have to do is to pay back the same number of dollars people entrust us with, but morally we are also interested in the quality of those dollars."

Several weeks ago the bank began urging its customers to write their

congressmen in protest against deficit spending. Then it decided to personalize the campaign; and now, when a customer buys a Savings Bond, the bank discusses with him the effect of deficit financing on the value of the saver's dollars, shows him a protest letter he can send to his national legislators, and urges that the buyer send this letter, or his own, to his representatives in Congress.

More recently, the bank has been running a series of ads in Seattle newspapers based on the theme, "Saving is not enough . . . you must make sure your saved dollars are worth a dollar."

Editorials

A good example of ads that compete with the news columns is provided by the COLUMBIA HEIGHTS (Minnesota) STATE BANK, which has had marked success with editorials.

This bank's 1949 series on the advantages of free enterprise over communism is being followed by an-

(CONTINUED ON PAGE 90)

"Endorsement Viewer"

A device for reading overlapping endorsements stamped on checks won a \$1,000 award for its inventor, Fred Gardner, of the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, Chicago. The "endorsement viewer" consists of red and blue plastic filters bound in looseleaf form. Mr. Gardner, who is in Continental's central proof division, received the award under the bank's suggestion system.



Bank display booth at annual tobacco show held at Upper Marlboro, Md.

Pension Payments Get Nicked

WILLIAM R. WHITE

The author is associated with the firm of Breed, Abbott & Morgan in New York City and is an associate professor of law at the Fordham University Law School.

WITH welfare plans holding the center of the stage in current union negotiations and claiming much attention even from employers whose employees are not unionized, changes and trends in the field of taxes affecting such plans deserve careful consideration.

Group Permanent Life Insurance Plans

July 1, 1950, is the date established by the United States Treasury Department for putting Mimeograph 6477 into effect. This mimeograph relates to group life insurance plans and modifies a principle which has been in effect for 30 years—extraordinary longevity for the tax field.

Under the prior rulings, the amount of premiums paid by employers for employee group life plans was not treated as taxable income to the employees, even though they and their families enjoyed the benefits of the insurance. However, lately an increasing number of business organizations have been turning to group-permanent life insurance for employees rather than the older form of group-term life insurance. Group-permanent life insurance policies generally provide substantial economic benefits for employees, in the form of increasing values of paid-up continued insurance. Ordinarily, termination of service does not deprive the employees of rights to such values. Thus, such insurance has certain advantages over term group insurance which provides term coverage only, the coverage generally ceasing with the employee's severance from the payroll.

Mimeograph 6477 requires the employee to treat the premiums paid by his employer for his group-

permanent life insurance as a taxable benefit. He must include the amount of such premium paid on his behalf in his income unless, under the policy involved, he forfeits his rights to benefits on termination of employment. However, the new mimeograph does not require employees to treat the payment of premiums for group-term insurance as a grant of taxable income.

Recognizing that the new rule establishes the principle that payments for the group-permanent insurance in question are income to their employees, employers must be careful to include the amounts so paid in the report of their employees' incomes and withhold the Federal income tax thereon. A review of payroll bookkeeping and deductions is indicated.

State Disability Benefit Laws

One recent ruling of the United States Treasury Department, I.T. 4005 (April 1950) calls for the special attention of personnel officers dealing with state disability benefit laws. Three states—California, New Jersey and Rhode Island—now have

such disability benefit laws in full effect. New York's law becomes fully effective July 1, 1950. Such disability laws generally provide cash benefits for workers injured through some illness or accident not connected with their occupations (as opposed to workmen's compensation laws, under which benefits are payable for disabilities arising in the course of their occupations). Other states are considering similar legislation. National and local banks are subject to the law in New York.

The cost of the benefits involved is usually met by contributions by both employers and employees to state funds or for the payment of premiums on a policy of group insurance with a private carrier. When disabled, the worker need not use the payments made to him for medical or hospital care, but may apply them for his general expenses.

Banks in New York State have been urged by local groups interested in the law to establish disability plans for their employees without deducting any part of the cost from their employees' compensation. (New York Times, May 28, 1950.) The same groups have stated that the larger banks in New York may find it advantageous to establish plans under which they become self-insurers. It goes without saying that whether such suggestions should be followed requires attention to the tax consequences involved.

Employees will be inquiring about their income tax liability for payments received under these plans and about their right to tax deductions for contributions made by them. I. T. 4005 now answers some of their questions, at least in part. It rules that when the employee's payment is a "contribution" and not a "tax" under local law, it is not deductible by him for Federal income tax purposes, either as a

(CONTINUED ON PAGE 104)



"Somebody send for a microfilm repair-man?"



CHARLES PHELPS CUSHING

The Price Tag of Total Peace

HERBERT BRATTER

WASHINGTON

MR. ACHESON, our national purchasing agent for peace, was recently in Europe shopping. What he brought us there we have had inklings of. The bills that have been coming in thus far are just for the accessories. Total peace is proving expensive.

A year and a half ago the President christened some incidental passages in his inaugural address a "bold new program." Point IV is no longer new and it is as yet anything but bold. In Washington, that is. Abroad perhaps—as London's *Statist* says—the imagination of statesmen and experts has moved Point IV more and more into the "Marshall Plan" area. But there is no question that the new Atlantic union of arms, men and money is indeed very bold. To create "situations of strength in the free world" will cost much more than the first year's \$1,220,500,000 for arms. Mr. Acheson is freely quoted as having promised, to the extent that he can bring it about, the fullest economic cooperation of the U. S.

What it takes to be prepared for war today is counted in terms of new and effective weapons, planes, explosives, chemicals, minerals the economic sinews of life and death. At London Secretary Acheson announced that the U. S. and Canada will work with the OEEC for years to come, not just for ERP—jointly to study economic problems. At home Acting Secretary Webb made clear the Atlantic Big Four's "continuing interest . . . in developing and strengthening economic collaboration." London's *Economist* flatly bases the alliance of the free nations "upon a pooling of resources . . . [that] must last a generation at least." No more short ERPs, that is. Western Europe is at last moving toward the integration Paul Hoffman has been urging. Beyond that, European budgets are being integrated into ours. If the cost is not blood, the ink is none the less red.

SCHUMAN PLAN

Boldness and newness were certainly characteristics of the Schuman Plan to place Western Europe's

coal and steel industries, notably the French and German but also all others willing to join, under a common authority to increase productivity, allocate supplies, equalize freight rates, eliminate import duties, etc. A sort of cartel, if you please; but not one to restrict output or secure monopoly prices. Italy and Benelux have joined France and Germany in seeking to implement the plan, which is the nearest approach yet to the subordination of sovereignty and merging of interests ECA has sought. The U. S. has heartily blessed the idea. Britain for the present stands aside. If the U. K. participated, the authority might become the nucleus of an independent western union, observed the *New Statesman and Nation*. "One of the most significant steps taken towards the peace and stability of Europe since the war," said *Time and Tide*. France's former Premier Paul Reynaud ascribes the U. K. Government's attitude to unwillingness to accept a supra-national authority. The way London handled

(CONTINUED ON PAGE 108)

"Preserving Chartered Banking"

JOHN B. MACK, JR.

The author is deputy manager of the American Bankers Association and director of its Public Relations Council.

THE American system of chartered banking is a dynamic force for individual, business, and community progress. This is its great strength.

While there are at least a dozen ways by which our banking system could lose its independence, ranging from outright expropriation to excess taxation, our greatest danger today comes from within. Complacency on the part of bankers, defaulting in our role as risk takers, and failure to tell the banking story to the public are three internal factors requiring eternal vigilance.

This, in brief, is the opinion of a panel that attempted to find an answer to the problem of "Preserving Chartered Banking."

Participants in the panel at the A.B.A. Public Relations Workshop, held in cooperation with six state bankers associations. *Left to right: John N. Garver, Professor Wilbur P. Calhoun, Leroy Lewis, Earl R. Muir and William H. Neal*



Here in America you can do your banking with the bank of your own choice. You are the boss. So you choose the financial institution that treats you best and serves you most satisfactorily.

This free competition among banks is a healthy thing. It compels them to be alert for better ways to serve you. This competition is the mainspring of our system of chartered banking.

It is absolutely essential to business freedom, economic progress, and continued advancement of our standard of living, that every American's right to chartered banking be safeguarded!

Yet in recent years there have appeared in this country enemies of your right to this American kind of banking. These enemies — your enemies — think you should have political banking. Communism and socialism also advocate political banking.

These "planners" would have you believe that their central control of banking would be better than the working of competition. Instead of your enjoying freedom of choice among banks, you would have no choice but to do your banking at a politically controlled institution.

Under chartered banking you enjoy certain extremely important rights: the right to privacy, the right to credit based on merit, the right to choose the bank that can serve you best, and other advantages. Under government-owned or politically controlled banking, what rights do you think would be left? As you value your freedom, safeguard your rights to chartered banking!

WHAT YOU CAN DO

Know your banker better... Learn through use the many ways in which chartered banking can serve you...

Oppose government competition with banks... Help keep banking free from political domination and control.

One of the series of A.B.A. ads referred to in the panel discussion

This panel discussion was a feature of the A.B.A. Public Relations Workshop held at Cincinnati, Ohio, May 25 and 26. Participants were Leroy Lewis, Educational Director of the American Institute of Banking, who served as moderator; Professor Wilbur P. Calhoun, College of Business Administration, University of Cincinnati, Cincinnati, Ohio; Earl R. Muir, president, Louisville Trust Company, Louisville, Kentucky, and president of the Association of Reserve City Bankers; William Neal, senior vice-president, Wachovia Bank & Trust Company, Winston-Salem, North Carolina; John N. Garver, vice-president, Manufacturers and Traders Trust Company, Buffalo, New York, and president of the Financial Public Relations Association.

The panel members were in complete accord on the premise that chartered banking today, and in the future, must base its case on service.

But, it was agreed, good service alone is not enough. It is highly important that the public, the press, legislators, and others be kept informed of the nature and extent of banking's service. In this area of information and education there is much room for improvement. Bankers must become more vocal, speak up for the things they believe in, and use the various channels of communication such as press and radio to tell their story to the public.

Methods and techniques that can be used effectively to convey facts about banking include cooperation with local schools in the field of education, and staff training in customer relations. Advertising, publicity, and public speaking by bankers were also endorsed.

Reference was made by the panel to a recent series of newspaper advertisements prepared by the Adver-

(CONTINUED ON PAGE 114)

Personal Aspects of Personnel Administration

WILLIAM POWERS

This is the concluding article of a series. MR. POWERS is deputy manager of the American Bankers Association in charge of customer and personnel relations.

Assisting

Extending financial, professional, or physical aid to employees in straitened circumstances; allowing leaves with pay for emergencies; arranging regular vacation periods; providing counsel on personal problems.

IF it were humanly possible for employees to shed their personal problems when leaving home for the office every morning, personnel men would be relieved of a large part of their official responsibility. But personal problems stay with people throughout the day, and worrying about them may have a major effect upon the business activities of the worriers. Management becomes officially interested in personal problems when they hamper office operations. Personnel officers, therefore, try to give adequate attention to situations where, through the banks, relief may be furnished.

A sizable proportion of these situations may require time off or financial aid, while others may call for the services of specialists in other fields.

In cases requiring constructive advice, some personnel men find it necessary to use indirectly the services and expert knowledge of a pastor, a lawyer, a psychologist, a doctor, a nurse, a mother, teacher, politician, judge, policeman, or a group of businessmen—persons who, by experience and nature, are qualified to help solve personal riddles.

This personnel relations activity is highly confidential, and, because of its nature, some personnel managers hesitate to engage in it for the reason that nobody (particularly these officers' superiors) knows about and appreciates the time and effort necessary to perform this function. As a result—these managers think—sufficient credit is not given them for the work they do. Other personnel officers hold the opposite point of view. They feel that they should not look for personal credit but for organizational improvement and that therein lies their personal and professional reward.

Inspiring

Promoting and supporting social, recreational, athletic, and other morale-building activities, and arranging facilities that will encourage them.

These activities can be indulged in only to a limited

extent in a great number of the banks usually referred to as the "smaller" institutions. In the medium-sized and large banks, where activities of this nature are broad in scope, management feels that employee attitude toward job and people is appreciably improved. A survey of the programs shows a great variety of activities. An employee club often takes charge of evolving and operating social and recreational plans. In institutions where no club exists, there may be a bowling league, golf tournaments, softball or basketball teams, seasonal picnics, a winter dance or two, an occasional elaborate dinner, or a frequent informal meal, a choral society, a dramatic club, an organization of stamp collectors, or programs to satisfy chess or checker players. Facilities in the form of club rooms or spacious rest rooms contribute to the success of programs in many banks. And a house organ invariably adds to the effectiveness of the effort.

These programs cost money, time, and a lot of effort. Personnel officers are not unanimous in their opinion on the value of the returns, but many of them are extremely enthusiastic over the benefits derived from such activities.

Retaining

Investigating conditions surrounding all voluntary separations for the possibility of retaining desirable staff members or obtaining valuable information through exit interviews.

From employees who are voluntarily leaving a bank, the personnel officer may frequently obtain an unbiased or at least an uninfluenced point of view. Separatees are not obliged to consider personal feelings of supervisors who no longer have jurisdiction over them. They, therefore, can, and often will, speak frankly of conditions which in their opinion are detrimental to the personnel and customer relations of the bank. A careful screening of these criticisms may result in turning up situations that should be remedied, giving management another opportunity to reach further toward its objective of improving working conditions and employee attitudes.

Another phase of exit interviewing concerns the desirability of, whenever possible, having the employee go out with a friendly feeling toward the institution so

that in his or her personal contacts elsewhere the bank's reputation is likely to be enhanced. In addition, there is on occasion the possibility that a separatee may someday return to his former employer and, it is hoped, bring back with him a high degree of goodwill.

Releasing

Clarifying the procedure for handling mandatory separations based on such things as dishonesty, inefficiency, insubordination, and noncooperation.

Ordinarily, little difficulty is encountered in establishing a policy covering the discharging of dishonest, inefficient, and insubordinate people. However, to make sure that every such situation is fairly investigated before a decision is made, personnel officers try to follow the routine so widely tested in job relations training programs, as an integral part of their procedure.

Briefly, that routine consists of: (1) Getting the facts—from the bank's records, rules, and policies, and the opinions of people conversant with the situation; (2) weighing the facts—fitting them together, considering their bearing on the policies, on the individual, and the effect on the whole staff; (3) acting—with

assistance of associates or by referral to superiors and with consideration given to timing.

A dismissal decision, given in what is not a clear-cut situation, may, in the opinion of staff members who are either properly or improperly informed, be an unfair decision and reflect disadvantageously in the morale of the organization. Few dismissal situations are as clear-cut as they first appear to be. All of them require careful and patient analysis.

Organizing

Obtaining all available information on labor union activities in banking, studying union demands, and eliminating undesirable conditions that form a basis for union action.

Back in the Teens and in the Twenties when labor organization was largely under the direction of the AFL and not particularly high-pressured, people in banks rarely thought of labor unions entering their field. In the Thirties, after the passage of the Wagner Act and the birth of the CIO, when labor organizing stepped up greatly in tempo and millions of workers became new members of unions, still little thought was

(CONTINUED ON PAGE 97)

THE ANNUAL BANK OUTING—Can you find the president, the chairman of the board, the guard and the office boy's mother? If you can, let us know and we'll send you something. We can't say what it will be, because we can't identify those people ourselves



Letting Employees in on Things

RAYMOND N. BALL

This bank president urges employees to ask for official information on promotion, policy, wage trends, hours, overtime pay, insurance, and retirement. MR. BALL is president, Lincoln Rochester Trust Company, Rochester, New York.

THREE times a year, I invite to dinner our supervisory group—branch managers, department heads, and supervisors—some 40 in number. Only one other senior officer is present at these meetings—our vice-president in charge of personnel. I request those invited to submit to me in writing, prior to the meeting, questions pertaining to the affairs of the company which they would like to have me discuss.

These questions are unsigned, since I am not interested in their source. I attempt to answer each question as fully and honestly as I can. Not once have I had any suspicion that there was a barb attached to a question, or that there was other than a sincere desire for information on the part of the employee who submitted the question.

These meetings have been most interesting and I will frankly admit that I have had to dig deep for satisfactory answers to some of the questions.

It has been my experience in meeting with the supervisors that about 50 percent of the questions have to do with the employee's relationship with the company, including questions with reference to wages, working hours, overtime pay, group insurance, our retirement plan, and the like. Employees are particularly interested in opportunities for advancement and promotion. The policy with respect to advancement must be made known periodically.

Question Policies

There are also many questions submitted having to do with operating policies, such as interest rates on different types of loans, service charges, and particularly policies which have to do with the granting of loans. A question dealing with advancement policy was:

"During and since the close of the war, banks have employed women in the ratio of three to every one man. Of the men employees, some leave for other fields while others may not be of the caliber required for responsible executive positions.

"Is it the intention of the management to select future officers from the ranks of women employees, and, if so, should they not be told of the opportunities which would encourage them to remain with us and increase their incentive for more efficient work?"

This was a perfectly fair question and one that deserved an answer. Since the policy was made clear, it has been of great value to our company to have the female employees realize that they have just as much opportunity to advance as the male employees.

Living Costs

Another question was: "According to statistics (this question was asked in 1947), living costs have suffered another sharp increase. Will industries have another across-the-board wage increase? What about the banks?"

It may be that this was a question which the supervisor wanted answered for his own information, or it may be that the question had been asked of him. It makes no difference. I try always to answer the questions honestly and as optimistically as I can.

It may have been the personnel manager who asked the following question: "What opportunities and what chance for advancement into executive positions are there for the young men and women coming into the banking field today? And what are the opportunities for such advancement for women in our own institution?"

Naturally, I tried to encourage all of our supervisors to make it clear to all of our employees and prospective employees that the opportunity for advancement in banking is, if anything, better than in any other line of business.

Other interesting questions re-

cently submitted were the following:

"Are we becoming over-conservative in our appraisal of real estate values in connection with mortgage applications?"

Some Questions Suggest New Policy

"Has the bank given any thought to granting some special privilege to those employees who have not been absent during the year?"

A question like the last one sometimes suggests a new policy.

After our last meeting, one of the supervisors came to me and remarked, "Chief, you have probably surmised that many of the questions which we submit to you are questions which members of our department ask of us, and we do not know the answer.

"I submitted three questions at tonight's meeting. You answered all of them. Tomorrow, I will have my little group together and pass on the answers to them. Possibly you have not thought of this angle of the situation. My prestige with my group is increased greatly when I can say to them, 'I know these answers are true because I got them directly from the Chief.'"

We can all do much more than we have done in encouraging deeper interest on the part of all employees in the affairs of our company. Especially should we increase our efforts to recognize the importance of the individual as a member of the team. A bank is a service institution. It is patronized by customers who are attracted to it by the services it renders. A bank has nothing to sell except service. Therefore, more important than any other factor which contributes to its success is the service of its employees to its customers.

A successful institution is one in which a group of human beings labor faithfully in common purpose, and, when successful, every member of the team should share in the thrill of accomplishment. This is one of the rich satisfactions of life—a feeling of importance as a member of the team.

Low Interest May Be Costly

MILES L. COLEAN

This month Mr. COLEAN takes John and Mary through the third part of their experience in obtaining a mortgage loan. Earlier parts of the article appeared in the April and May issues under the titles, "Long-Term Loans Aren't Cheap Loans," and "Small Down Payments May Come High," while the fourth and final part, still to be published, will be "Shall We Join a Cooperative?"

The author is a housing authority with a nationwide reputation. He has written many surveys and studies of housing and related topics, and is a consultant to the Twentieth Century Fund and building adviser to the magazine, House Beautiful.

THE conversation at the bank continued between J. P. Brown, the vice-president in charge of mortgage loans, and the veteran and his wife who were about to embark, for the first time, on the adventure of home-ownership and the experience of borrowing a substantial sum of money. The young husband summed up the discussion so far:

"You have done a good job persuading me the thing to do is to put some real cash down on this house and to get the loan paid off as soon as possible. I think you're right—that it will save me money in the long run and help to keep me from getting into trouble. But, what I don't understand, if you're so eager to save me money on interest, why not cut the interest rate? Seems to me that would help a lot more than anything else."

"That's a good question, John," the wife agreed.

"Speaking quite frankly," Mr. Brown answered, "I'm not primarily trying to save money for you. I'm trying, first of all, to make a sound loan—that is, one that will be repaid with a minimum of difficulty for borrower and lender. It just happens that what is a good loan for the bank saves money for you.

"The interest rate, of course, plays its part in that. From one point of view a low interest rate is desirable. It makes the loan payments easier for you—unless you use the low rate simply as a means of biting off a larger chunk of mortgage. And by the same token it should make the loan easier for us to collect. But there's another angle. You're not only a borrower. You're a saver as well. What we can get for our loans determines what we can pay for your savings. If you weren't, just now, looking upon yourself mainly as a borrower, you would probably want us to charge the highest interest rate we could get, so that your savings would yield you a little more.

"Now in order to cover our administrative costs—which are pretty high on mortgage loans—and to carry reserves so that you may always be able to take your money out when you want it, there always has to be

a difference between the interest we have to charge borrowers and the interest we can pay you. The cost of handling mortgage loans takes about 1.25 percent from the total of the 4 percent you pay on a veteran's loan. That leaves about 2.75 per cent for the bank, out of which it covers losses, taxes, and so on, and pays interest to its depositors.

"That brings us to another important angle of this interest rate question. The home mortgage lending part of the banking business is constantly in competition with other kinds of lending. In effect, when you ask for a mortgage loan you are bidding against the shoe store that wants a loan to build up inventory, the manufacturer who needs funds to promote a new prod-



"... you are bidding against the shoe store ..."

uct, the grocer who wants to enlarge his building, and even the Government, which wants us to buy its bonds. Some of these other kinds of loans are generally considered safer—that is surer to be repaid without trouble—and most of them are a lot less expensive to handle than mortgage loans.

"As a result, when these other kinds of borrowers are willing to pay an interest rate that nets the bank more than do mortgage loans, then the mortgage borrowers must pay relatively more or find increased difficulty in getting a loan. Of course, it is not quite as simple as that. The bank, as a general principle, wants a variety of loans. It would never go all out for one kind of loan or another simply because the net yield was higher. Moreover, since it is part of the community, it has to consider the general needs of the community. And it has to consider, too, the importance of giving special service to its customers. For instance, we will make a 4 percent loan to you, as a steady depositor, when, under some circumstances, we might not do so for a stranger.

(CONTINUED ON PAGE 96)

Ghosts of Unpaid Taxes

in a Borrower's Statement

MARSHALL GRANGER

MR. GRANGER, a director of the National Association of Cost Accountants, has been president of its New York Chapter and a director of the New York State Society of Certified Public Accountants. He is a member of the American Institute of Accountants and has had a long experience in the tax and public accounting fields. He is the senior partner of Marshall Granger & Company, certified public accountants, of New York.

THE interpretation and understanding of corporations' balance sheets and other financial statements is of importance not only to bankers but to all other creditors and stockholders. All businessmen are vitally interested in studying these statements and drawing from them conclusions on which they must take action.

Analysis of a balance sheet for credit purposes calls for a careful determination of the marketability of inventories, the collectability of accounts receivable, the amount and nature of liabilities—in short, all the factors which indicate the extent of future ability to meet obligations. Because of judgment developed by experience, a banker or credit man can usually detect by some means the presence of questionable receivables, inventory which has deteriorated, inefficient machinery and equipment, and other assets of doubtful value. Discernment is required for the determination of some liabilities, while others speak for themselves.

Danger of Overlooking Tax Liabilities

After consideration of all these factors, plus the important phases of management, integrity, skill, industry, problems and future prospects, a decision as to the desirability of credit and its amount, terms,

and restrictions can be made intelligently.

The existence of a large undisclosed obligation maturing at an early date is, of course, a vital matter; and an amazing feature of this process of financial statement analysis is the fact that one of the most important phases in the whole situation is often either overlooked entirely or given far less attention than it deserves. This is the question of the degree of probability of additional income or other taxes. Such a liability which takes precedence over other debts, may demand immediate payment, bears interest at 6 percent per annum from the date the tax was due and yet may never appear on the balance sheet. There is no standard method of showing in the financial statements an obligation of this kind prior to the time when a deficiency assessment is actually levied.

Lack of Information on Taxes

For example, a corporation presents its balance sheet as of December 31, 1949 for credit purposes. The statement may or may not be certified by public accountants. At that date working capital or net current assets of \$150,000 are shown. At this same moment a revenue agent's examination for the years 1946 and 1947 is in process which may result in a deficiency assessment of \$75,000. Had the banker or credit man known of this current liability, which reduces working capital by 50 percent, his reaction would have been vastly different.

One of the most important, but frequently neglected items of intelligence in an auditor's report is information pertaining to examinations by the Bureau of Internal Revenue or other tax agencies. Sometimes the report mentions the years which have not been audited. More often it does not even do this.

There is a strong tendency among

officers of corporations in poor financial condition to take a liberal interpretation of the tax laws in order momentarily to minimize income taxes and conserve working capital. Consequently, a substantial hidden tax liability may have been created. For instance, consider a corporation or other borrower whose true net income for 1949 was \$100,000, but whose entire profit for the year was reflected in an increase in inventories. This taxpayer may conceal part of its profits.

Once Remiss . . .

Similarly, when profits are channeled into fixed assets, the same shortage of cash may exist, but the corporation is faced with paying taxes on all reported profits. In these instances, the temptation to understate taxable income accelerates.

It is a fairly sound conclusion that if a taxpayer has been regularly found remiss in this regard, assessments having been levied against it in previous years, the same thing will continue to happen.

Detecting Undisclosed Tax Liabilities

In view of the probability and relative size of undisclosed tax liabilities, lenders should overlook no possible means of detecting them. All available reports and documents should be reviewed. The officers and accountants of the credit seeker should be interrogated. Skilled tax men should be consulted. Special situations should be looked for and analyzed carefully. Disclosed tax liabilities or refunds should be studied and made the subject of further inquiries.

Study of Tax Reserves

Methods of determining the existence of arrears in Federal income taxes already assessed are

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"The Towering Strength of the United States"

FIFTY-ONE business leaders, representing outstanding industries and enterprises of the nation, met in historic Faneuil Hall, Boston, on May 18 for a conference on "The Future of the Individual under American Capitalism." The *Boston Declaration*, quoted below, was drawn up at this conference and unanimously adopted. The declaration follows, in part:

The towering strength of the United States rests on the individual freedom of all its people. Upon that foundation laid in 1775, we have built the highest standard of living in the history of mankind, and created an abundance that is the envy and the hope of the whole world.

Today there is a clear and consistent trend toward the impairment of the rights Americans have always enjoyed—the right to dream, to work, to achieve on our own, and the opportunity to develop to our full stature. We have been giving away little freedoms, a little at a time. The people are being traded out of basic liberties by promises of false security.

A time has come to challenge these dangers. We must strengthen our system by extending it, so that the individual may face the future with confidence.

* * *

The release of individual energy under adequate incentives is the most creative force in the world. Allowed to go forward this drive will carry us to undreamed of heights. Let us therefore dedicate ourselves to the task of securing for ourselves, for others, and for posterity these rights of free men in this century:

1. The right to personal initiative; to choose freely; to lead but not to dictate; to follow, but not to be driven.
2. The right to opportunity; to have a chance to forge ahead by his own efforts; to succeed or fail; and if he fails, to try again.
3. The right to personal dignity; to be protected from those impositions of others which they would not impose on themselves.
4. The right to participate in affairs of common concern; to hear and to be heard; to stand alone or to be one among equals.
5. The right to provide for the future; to save or to spend; to advance or hold still; to be the judge of his own welfare.

The business leaders who signed the declaration were:

Melvin Houston Baker, president, National Gypsum Co.; Barney Balaban, president, Paramount Pictures;

William Balderston, president, Philco Corporation; John David Biggers, president, Libbey-Owens-Ford Glass Company; Carl H. Black, president, American Can Company; Harold Blanche, president, Celanese Corp. of America; Henry M. Bliss, president, Pacific Mills; John Lyon Collyer, president, The B. F. Goodrich Co.; T. Jefferson Collidge, chairman, United Fruit Company; C. Donald Dallas, chairman, Revere Copper & Brass Co.; Dr. Allen B. Du Mont, president, Allen B. Du Mont Laboratories, Inc.; Benjamin F. Fairless, president, U. S. Steel Corporation; Clarence Francis, chairman, General Foods Corporation; Edward S. French, president, Boston & Maine Railroad; Crawford H. Greenewalt, president, E. I. du Pont de Nemours & Company, Incorporated; F. G. Gurley, president, Atchison, Topeka & Santa Fe; Ernest Henderson, president, Sheraton Corp. of America; Charles A. Higgins, president, Hercules Powder Co., Inc.; John H. Hinman, president, International Paper Co.; John Holmes, president, Swift & Company; Arthur B. Homer, president, Bethlehem Steel Company; Albert W. Hughes, president, J. C. Penney Co., Inc.; Harry E. Humphreys, Jr., president, U. S. Rubber Company; Fred Lazarus, Jr., president, Federated Depart. Stores; Paul Kayser, president, El Paso Natural Gas Co.; K. T. Keller, president, Chrysler Corporation; J. H. Kindleberger,

president, No. American Aviation, Inc.; Paul Weeks Litchfield, president, Goodyear Tire & Rubber Co.; J. Spencer Love, chairman, Burlington Mills Corp.; Walter P. Marshall, president, Western Union Telegraph Co.; Joseph A. Martino, president, National Lead Company; William L. McKnight, chairman, Minn. Mining & Manufacturing Co.; Donald J. McLaughlin, president, Homestake Mining Co.; George W. Merck, president, Merck & Co., Inc.; Ernest E. Norris, president, Southern Railway Co.; Henning W. Prentis, Jr., president, Armstrong Cork Company; William M. Rand, president, Monsanto Chemical Co.; Brig. General David Sarnoff, chairman, Radio Corp. of America; Spyros P. Skouras, president, 20th Century Fox; C. R. Smith, president, American Airlines; J. P. Spang, Jr., president, Gillette Safety Razor Co.; Sidney A. Swensrud, president, Gulf Oil Company; H. Gardiner Symonds, president, Tenn. Gas Trans. Co.; James V. Toner, president, Boston Edison Company; Juan T. Trippe, president, Pan Amer. World Airways; L. A. Van Bomel, president, National Dairy Prod. Corp.; Harold S. Vance, president, Studebaker Corporation; Thomas J. Watson, chairman, International Bus. Machines; Leroy A. Wilson, president, American Tel. & Tel. Co.; Robert E. Wilson, chairman, Standard Oil of Indiana; Robert E. Wood, chairman, Sears Roebuck and Co.

School Teachers Ask About Banking

THE Fort Wayne Chamber of Commerce designated Friday, May 5, as B-I-E Day (Business-Industry-Education), and Fort Wayne National Bank participated. About 700 school teachers, public and parochial, were brought to Central High School and, following a very brief program there, were transported to the business or industry which they chose for study.

When 20 of them arrived at Fort Wayne National Bank, they were taken to the directors' room, where

they were welcomed by W. C. Laycock, president. Harold D. Cothrell, assistant vice-president, presented each teacher with a pocket-size three-ring binder with the teacher's name stamped in gold on the front, together with a pencil. It was pointed out that the means were thus provided for making notes of questions to be asked later in the day. At 11:15 A. M., the Continental Illinois National Bank and Trust Company (Chicago) film, "Back of Every Promise," was shown. This

was a keynote for the day's activities.

Immediately after lunch, a one and one-half hour tour through the bank was made, conducted by Mr. Cothrell, who answered questions regarding bank operations. At about three o'clock the group returned to the directors' room where soft drinks were served. President Laycock, T. A. McKiernan, vice-president in charge of the bank's investments; Carl W. Dannenfelser, trust officer, and J. W. Miller, cashier and personnel director, in addition to Mr. Cothrell, constituted the panel at which the barrage of questions was directed, until 5:10, when our guests for the day reluctantly left.

Here are a few of the questions which were asked by the teachers:

What qualifications should a youngster have if he wishes employment in the bank?

Should they show special interest in mathematics?

Why are not more younger men working in banks?

What opportunities does banking offer to college students?

Do you use any type of personality tests?

Explain wills and trusts.

What is the inheritance tax?

What does "money held in escrow" mean?

How can you send money to France or other foreign countries?

Are our banking transactions kept in confidence?

What happens when people get counterfeit money?



HARRIS & EWING

EDWARD LEE NORTON

Southern radio station owner and officer of the Federal Reserve Bank of Atlanta, is the new member of the Board of Governors of the Federal Reserve System. He replaces Ernest G. Draper, whose term expired

Is Canadian money accepted for full value in the United States?

How should you invest your money?

Individual letters were received from all the teachers to express their appreciation and their thanks for giving them an insight into "behind the counter" activities of the bank. Many expressed themselves as completely amazed by the mechanization which has taken place in banks. This was particularly true of the older teachers.

uted to the fund to help pay for less successful projects.

Leicester's president, Harry E. Brown, is an educator with a background of successful business experiences. Under his guidance projects have included demolition of a fire-ruined campus building, a quick-service laundry, a canteen for snacks and soft drinks, and the importation of handmade jewelry from Iran, home of one of the foreign students.

Plans are now under consideration to distribute articles of wide appeal which are produced in the area. A survey indicates that certain products can be sold by mail order and by direct mail solicitation. This problem involves the development of advertising techniques, packaging, and a staff to fill orders.

Another successful venture was the liquidation of a speculative pool formed by members of the class in Investments, under the direction of the instructor, Laurence Barrington. Students visited the plant of a subsidiary of the company in which they had a small stock interest and carefully appraised the management methods. Their conclusions were necessarily incomplete, yet their action regarding the stock was correct.

Leicester Junior College is planning to open a third year of opportunity to selected students who may choose to develop further their business experience. A few top men in the senior class will be chosen to follow through by expanding the enterprises and undertaking the distribution of new products. As this phase becomes a reality these Leicester men will have a background which will be appreciated by corporation executives who are always looking for young men with practical business experience.

College Students Operate Businesses

LEICESTER Junior College of Business Administration, Leicester, Massachusetts, has set up a separate taxable corporation to sponsor commercial ventures originated and operated by the students.

Whereas many colleges have self-help and work-study programs intended to assist deserving students in obtaining a college education, Leicester is the first to establish business opportunities at the decision-making level.

Under the Leicester management any student may present plans for meeting a real commercial need. If a plan is approved, the student may borrow limited sums without interest from the treasury of the corporation. As the venture proves

successful, the loan is repaid and a share of the net profits is contrib-

Money and Banking class at Leicester (Mass.) Jr. College of Business Administration



Savings Outlook in Commercial Banks

ARNOLD J. RYDEN, JR.

The author, a graduate of the Harvard Graduate School of Business Administration, has been in the comptroller's department of the Northwestern National Bank of Minneapolis since August 1946. Between Harvard and Minneapolis he had three years in contract negotiation with the Quartermaster Corps. During his first two years with Northwestern National Mr. RYDEN taught accounting at the University of Minnesota School of Business Administration.

For purposes of geographical comparison, Mr. RYDEN has used figures from his own state of Minnesota.

IN our bank, as in many other commercial banks throughout the country, the year 1949 was a turning point in the trend of savings deposits. After the comfortable expansion of savings deposits during the war and postwar years, the realization that savings deposits in some banks actually declined was a real shock to many banks. The shock startled a few banks into action, as indicated by boosts of $\frac{1}{2}$ of 1 percent in interest rates paid on savings deposits. Other banks are currently reviewing their positions in an effort to determine what corrective action can be taken. In an attempt to evaluate our position, we have investigated the outlook for savings deposits of commercial banks. Our analysis has been directed toward the answers to three questions:

- (1) Is the current alarm over the loss (present or future) of savings deposits warranted?
- (2) What effect will higher interest rates have on deposits and profits?
- (3) What should commercial banks do to maintain their position in the savings field?

Is the Alarm Warranted?

Savings deposits of commercial banks are currently remaining level or declining slightly, whereas private

savings capital of savings and loan associations is continuing to expand at a substantial rate.

The following table presents comparative data on increases in time deposits and savings capital during the last six years in all banks and savings and loan associations in the United States:

COMPARISON OF ANNUAL INCREASES IN SAVINGS OF ALL BANKS AND ALL SAVINGS AND LOAN ASSOCIATIONS IN THE UNITED STATES
(in millions of dollars)

	TIME DEPOSITS OF INDIVIDUALS, PARTNERSHIPS & CORPORATIONS						PRIVATE SAVINGS CAPITAL	
	Banks Other Than Mutual		Mutual Savings Banks		Total All Banks		All Savings and Loan Associations	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
1944	4,810	25.5	1,631	13.9	6,441	21.1	811	14.8
1945	5,995	25.4	2,002	15.0	7,997	21.6	1,060	16.8
1946	3,500	11.8	1,476	9.6	4,976	11.1	1,183	16.1
1947	1,226	3.7	927	5.5	2,153	4.3	1,205	14.1
1948	301	0.9	641	3.6	942	-1.8	1,211	12.4
1949	192	0.6	884	4.8	1,076	2.0	1,496*	13.6*

* Preliminary.

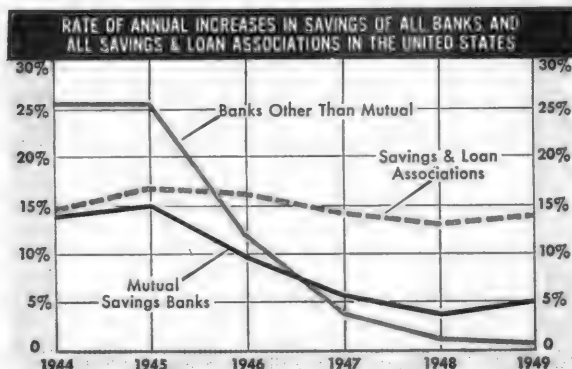
Some highly important changes are apparent in the above table. During the year of largest increase (1945), the increase in time deposits of all banks was eight times that of savings capital in all savings and loan associations. However, for 1948 and 1949, the increases in savings capital actually exceeded the increases in time deposits. In terms of percentage increases, banks have experienced a tremendous drop to almost a negligible percentage, whereas savings and loan associations have continued their same high rate of growth.

Similar data for the State of Minnesota are presented below. The changes indicated are basically the same as those for the country in general.

COMPARISON OF ANNUAL INCREASES IN SAVINGS OF ALL BANKS AND ALL SAVINGS AND LOAN ASSOCIATIONS IN THE STATE OF MINNESOTA
(in millions of dollars)

	TIME DEPOSITS OF INDIVIDUALS, PARTNERSHIPS & CORPORATIONS						TOTAL SAVINGS CAPITAL	
	Banks Other Than Mutual		Mutual Savings Banks		Total All Banks		All Member Savings and Loan Associations	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
1944	113	26.5	19	22.1	132	25.8	21	25.0
1945	151	28.0	23	21.9	174	27.0	24	22.9
1946	111	16.1	12	9.4	123	15.0	24	18.6
1947	63	7.9	9	6.4	72	7.7	23	15.0
1948	8	.9	2	1.3	10	1.0	21	11.9
1949	-4	-5	7	4.6	3	.3	30*	15.2*

* Preliminary.



Apparently mutual savings banks are faring only slightly better than all other banks. Furthermore, all banks are clearly falling behind savings and loan associations. The following tabulation shows the shift away from banks.

FOR THE UNITED STATES			
	Total Increase in Time Deposits* and Savings Capital** (in millions)	% OF TOTAL Savings and Loan Associations	
		Banks	
1944.....	7,252	88.8	11.2
1945.....	9,057	88.3	11.7
1946.....	6,159	80.8	19.2
1947.....	3,358	64.1	35.9
1948.....	2,153	43.8	56.2
1949.....	2,572	41.8	58.2

* Of individuals, partnerships and corporations.

** Private savings only.

Banks in Minnesota witnessed an even greater shift toward savings and loan associations than the country in general.

	% OF COMBINED INCREASE GOING TO ALL SAVINGS AND LOAN ASSOCIATIONS	
	Minnesota*	U. S.
1944.....	13.7	11.2
1945.....	12.1	11.7
1946.....	16.3	19.2
1947.....	24.2	35.9
1948.....	67.7	56.2
1949.....	90.9	58.2

* Member savings and loan association only.

Mutual savings are concentrated in four eastern states (as shown below) while savings capital of savings and loan associations is considerably more widespread.

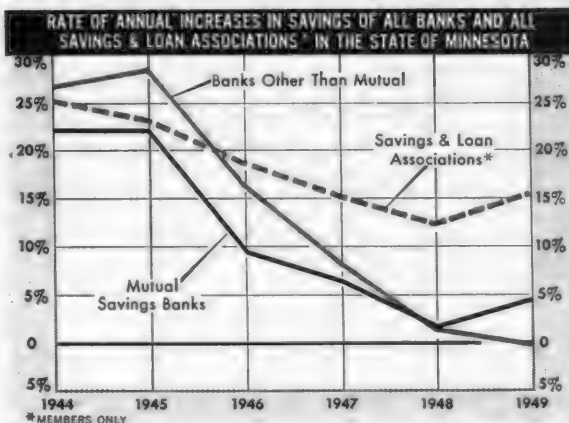
TIME DEPOSITS OF INDIVIDUALS, PARTNERSHIPS & CORPORATIONS (in millions of dollars) as of Dec. 31, 1948			
	All Banks	Mutual Savings Banks	% of Mutual to Total All Banks
New York.....	14,319	10,340	72.2%
Massachusetts.....	3,975	3,210	80.8
Connecticut.....	1,711	1,301	76.0
Pennsylvania.....	3,975	1,050	26.4
Total, four eastern states...	23,980	15,901	66.3
% of total.....	45.2%	36.5%	
Minnesota.....	1,023	151	14.8
All other states.....	28,050	2,333	8.3
Total U. S.....	53,053	18,385	34.7

COMPARISON OF TIME DEPOSITS AND SAVINGS CAPITAL BY AREA (in millions of dollars) as of Dec. 31, 1948				
	Private* Savings Capital	Time Deposits**	Total	% Private Savings to Total
Four eastern states...	2,126	23,980	26,106	8.1
% of total.....	21.4%	45.2%	41.5%	
Minnesota.....	197	1,023	1,220	16.1
All other states.....	7,600	28,050	35,650	21.3
Total U. S.....	9,923	53,053	62,976	15.8

* Members of FHLB only.

** Of individuals, partnerships and corporations.

A careful analysis of the available data indicates that commercial banks are justified in their alarm over the unfavorable trends in savings deposits. Apparently



savings and loan associations are a major cause of the alarm, since mutual savings banks are being replaced at a fairly substantial rate by savings and loan associations as the major competitors of the commercial banks for savings deposits.

Effect of Higher Interest Rates on Deposits and Profits

The effect of an increase in interest rates on the volume of deposits is difficult to predict. However, any solution to the problem must necessarily be based upon assumptions as to how deposits might be affected by such a step.

In view of the widespread Federal insurance (by FDIC and the Federal Savings and Loan Insurance Corporation) of savings accounts, the rate of interest is probably the most important single factor in the competition for savings funds today. Typically, commercial banks pay interest at the rate of 1 percent, while mutual savings banks pay 2 percent, and savings and loan associations pay 2½ percent. However, there is certainly a reasonable doubt as to the value of an increase of only ½ of 1 percent, when the gap to be filled is 1 percent or 1½ percent. In my opinion (for which only scattered facts are now available for support or refutation) an increase from the present 1 percent up to a rate of 1½ percent would not be sufficient to forestall a loss of balances nor to obtain additional balances. Furthermore, even though an increase of ½ of 1 percent would forestall a loss of balances, net earnings would undoubtedly suffer much more from the additional interest expense than from possible losses of balances if the rate of interest were not increased.

Although some bankers might not agree (or might not like to admit to the public), the most important question is, I believe, what will be the effect of an increase in interest rate on net earnings. Banks are (or should be) in business to make a profit, the largest possible profit consistent with the long-range success of the organization. Larger deposits are certainly to be desired, but not if they cause an immediate and long-term reduction in net earnings.

The following schedule presents a realistic statement of the earnings on savings deposits for the year 1949. Although the figures are hypothetical, they represent realistic relationships.

(CONTINUED ON PAGE 113)



Make Your Reading Time Pay

DONALD A. LAIRD

Dr. LAIRD, author of numerous books and many articles on psychological subjects, has been consultant to several corporations on the subject of psychology in industrial relations. He was also, at one time, director of the psychological research laboratory at Colgate, where he was a member of the faculty for 15 years. His last article in *BANKING* was "How to Take It Easy," in last October's issue.

MONEY-MAKING ideas, promotions, and pleasure may be had from reading.

Henry Ford, as a young married man, got the idea for his automobile engine from a magazine, *World of Science*. After studying the periodical he seized a piece of piano music and hastily sketched a plan for his gas engine on the back cover. For some reason Ford is remembered as a doer, a man of action, and the reading that made him a successful doer is overlooked. Describing his early days in business he said, "I devoted every cent, regardless of future needs, to scientific books."

Another young mechanic, George Westinghouse, read a magazine article which described compressed air hammers used in building a tunnel. That started him on the invention of air brakes.

A 41-year old portrait painter, Samuel F. B. Morse, read something about electric magnets in a magazine on shipboard, and the telegraph was born from that reading.

And a sad-faced man of 28, who looked 48, Alexander Graham Bell, conspicuous for the big nose of his Bell ancestry, had a big idea which was to become the telephone. He was stumped, however, because he was a voice teacher and knew little about electricity. He talked over his telephone idea with Dr. Joseph Henry, director of the Smithsonian Institution. The scientist encouraged him to keep working on the invention.

"But I have no knowledge of electricity," Bell told him.

"Get it! I'll plan reading for you so you can get it."

But for that reading, someone besides Bell would have been the inventor of the telephone.

Now, more than ever, it takes serious reading to keep up with the fast-moving modern world. There are more than 30 magazines published on advertising, and another 10 on salesmanship. There are 30 more on business and office methods, seven on women's clothing and 19 on textiles. There are nearly 500 newspapers and magazines for farmers—including nine on fur farming. The plumber has more than 30 magazines which deal with his trade, as does the motor truck operator.

Books galore, too. In the United States during 1949 nearly 11,000 new books were published. The same year in England there were nearly 17,000 new books.

Yet reading is a fairly recent accomplishment. A hundred years ago scarcely half the people in the country could read. And those who could read had usually been taught by methods that made their reading inefficient. They read too slowly, and they didn't get as much out of it as they might. Many older people of even the present generation are poor readers because they were taught to memorize the alphabet and spell out each word.

As a result, most adults do not read as well as a well taught seventh grade pupil of a modern school—less than 200 words a minute. An efficient reader can cover more than 700 words per minute—and he gleams more "sense" from it than the slow reader.

School teachers themselves are not the efficient readers they might be. Dr. Ray G. Simpson, of the University of Illinois, tested the reading efficiency of all teachers and officials in one city school system, and found that three out of every 100 seniors in the high school had more reading skill than *any* of the teachers or officials. Dr. Simpson concluded that "these results indicate that large numbers of high school pupils are being taught by teachers who have considerably less reading ability than the pupils themselves."

Reading Ability Is Improvable

How much "good" reading ability can be improved has been demonstrated at the Air University, Montgomery, Alabama. A group of 28 officers were given trial training in reading efficiency. Before training they were about average readers, having a speed of 272 words per minute. The slowest read 150 words per minute, the fastest 470.

The training consisted of 18 periods, one hour each, spread over a six-week period. After these 18 hours the slowest reader's speed was 185 words per minute, the fastest 750. The average of the group was raised from 272 words to 530. Almost doubled!

Then reading efficiency improvement was tried with a larger group of 90 officers, who had an average speed of 291 words per minute at the start. After the 18 sessions the average had jumped to 622—*more* than doubled.

With success in the try-outs, training in reading efficiency became part of the Air University program. It is now also taught in the National War College and many other key military training centers. Dr. Murray Lincoln Miller, the reading consultant, reports that

(CONTINUED ON PAGE 115)

Giving What Comes Naturally

EARL S. MacNEILL

Preceding articles in this series have appeared in the December, February, April, and June issues of BANKING. The author is vice-president of the Irving Trust Company, New York.

A CLASSIC method of minimizing estate taxes has been to give property away before one died.

The Man-Who-Collects-Taxes has been alert, however, to claim that gifts *do not* avoid estate taxes when they are made "in contemplation of death." In effect, he puts the gifts right back in the estate and says, "Now what are you going to do about it?"

Originally, "contemplation of death" was an *in extremis* proposition. The dying squire parcelled his farms among the children, gathered dutifully about his bed. "Taxable," said the law; and the law could scarcely be censured. Thus grew the two-year presumption. If a gift was made within two years of death, it was *presumed* to have been made in contemplation of death; and the estate, in order to save the tax, would have to prove that motives very strongly associated with living prompted the gift.

Conversely, if two years or more elapsed between gift and death, then the burden was on the Government to establish that motives associated with dying dominated the giving.

All manner of factors entered into the cross-currents of motivation and proof. The character of the last illness: Was it chronic or acute? (One might give with fair impunity during a chronic illness.) Age, of course, was an important element; and the family's record of longevity. What a person *did* was important. Thus a spry octogenarian who attended to business daily, played gin rummy nightly, and kicked his heels generally might escape the stigma of "contemplation."

But of late the doctrine has tightened. (People "went to the well" too often.) It has tightened to the point that a predominant *desire to save estate taxes* has been held to be a motive associated with death.

All this his lawyer told Ed Early. Thus fortified, Ed surveyed his fortune and his family.

And This Is What He Saw

His fortune was substantial. Including life insurance and the capitalized value of his business, \$500,000 would be a fair estimate.

Even if he sought full advantage of the marital deduction, the Federal estate tax on Ed's death would be about \$45,000. But the deduction would apply only if Emily survived him; otherwise the estate tax would be \$116,000. These figures bothered him; however, he resolutely rejected any thoughts of estate tax saving and concentrated on more urgent problems.

One of them was the business. Ed was approaching

the traditional retirement age of 65. Ed, Jr., was coming along nicely.

There was the summer home. He was paying maintenance and taxes on it, yet scarcely using it. Somehow the family had outgrown the place. But a new family was coming along who might enjoy it in the same way—his daughter Evelyn's.

There was another son: Eustace. His profession was medicine and his passion research. While the fires were burning, thought the father, let them be fed. He had planned an "endowment" in his will, but better to make it now, through a gift in trust that would give Eustace funds for the freer pursuit of his studies.

Last, but not least, was Emily. Their home stood in his name. It would make her happy to feel that the home was *hers*, whatever might happen.

And This Is What He Did

Thus ran the current of Ed Early's thoughts. His pencil kept pace with his thinking.

Value of the gift of stock in the business to Ed, Jr., he put down at \$50,000 to match Eustace's trust. Dividends being liberal, \$5,000 of annual income would be shifted from father to son.

The summer place wasn't worth more than \$10,000; in addition, he'd set up trust funds for the education of Evelyn's children. They would take \$20,000 more; and he'd even up Evelyn's share later, or by his will. He'd let the income accumulate in the trusts for the grandchildren until they needed it.

Eustace's trust would earn \$2,000; another shift of income that Ed could well afford, considering the taxes.

He figured that the value of the home he was giving his wife was \$40,000. Cost him more, but a big house—not the kind that sells so well today.

He totaled the value of the gifts: \$170,000. Taking advantage of the marital deduction as to gifts, and spreading the gifts over two years, he would have a total of \$108,000 in exemptions and exclusions; the gift tax on the remainder would be only \$7,500! And this soon would be canceled out by family income tax savings; for, out of the \$7,800 of annual income that he was giving away, *he* would have paid at least \$4,000 in tax, whereas the taxes of the children—and the grandchildren's trusts—would be nominal.

There was one last calculation. The estate tax on his \$500,000 estate, as we have mentioned, might be \$45,000, if his wife survived him, or \$116,000 if he were the last to die. But taking \$170,000 from his estate would lower the tax to \$21,500 in the first instance; and to \$67,500 at most.

"Now that's a right nice 'dividend' that I hadn't counted on," thought Ed Early—and called his lawyer.



The Country Banker

Charles Green, agricultural credit representative, National Bank of Orange, Virginia, right, interviewing a customer at the tractor shed

How One State Inventoried Agriculture

W. M. EARLY, JR.

MR. EARLY, president and trust officer of the National Bank of Orange, Virginia, and chairman of the committee on agriculture of the Virginia Bankers Association, tells how the first successful statewide survey on agricultural resources was made.

The Agricultural Commission of the American Bankers Association has been working with the Bureau of Agricultural Economics of the U. S. Department of Agriculture in developing a research project similar to the one discussed by Mr. EARLY and one, too, that many state bankers associations could initiate in their states.

BANKERS in Virginia are pioneering an area that promises to yield significant returns. It came about this way. A representative of the Division of Agricultural Finance in the Bureau of Agricultural Economics, U. S. Department of Agriculture, suggested that a balance sheet of Virginia agriculture would be helpful to bankers in sizing up the financial status of farm customers. Always on the alert for ideas, the Virginia bankers' committee on agriculture nailed this one and decided to make a financial survey of the state's agriculture.

Realizing that the job called for a lot of work, technical know-how, and

closely coordinated effort, the committee on agriculture marshalled all its resources. At this point the close cooperation built up between the Federal Reserve Bank of Richmond and the Virginia Polytechnic Institute began to pay real dividends. Representatives of the three groups, which had been working together on several less formidable projects, made an estimate of what was required to do the job.

It seemed that our resources were pretty well complete except in one respect. More know-how and technical assistance were desirable. Since the Division of Agricultural Finance had evidenced interest in our proposed project and offered to assist us, it was asked to join the team.

700 Areas Included

Our committee set as its objective the collection of information showing the assets, liabilities, net worth, sources of credit, capital structure, and so forth, on a group of representative farms. The Bureau of Agricultural Economics helped us select a random sample of some 700 areas scattered throughout the state in which farmers were interviewed. These included all kinds of farms, ranging from the very small subsistence type to large scale commercial operations. Usable records came from about 1,500 farmers.

From the beginning of the project we felt that Virginia bankers would benefit not only from the results of the study, but probably would benefit even more by going out on the farms and getting the information needed. Accordingly, bankers throughout the state were asked to take the responsibility for interviewing farmers living in the areas selected in their banking territory.

Technical Know-how

The study was launched at the annual Bankers Farm Credit Conference in March 1949. In preparation for this event we worked out an arrangement by which the Federal Reserve Bank and Virginia Polytechnic Institute could provide technical assistance and assume responsibility for making preliminary arrangements. An afternoon session of the conference was given to the presentation of the objectives of the study, plans for getting the job done, and a demonstration of the procedure to be followed by each banker in getting the desired information. A farmer in one area selected came to the conference and was interviewed in the presence of all. Bankers in the audience were given a copy of the schedule on which the information was to be recorded and asked to follow the procedure. This proved to be a very interesting ex-

perience, and we were able to get free discussion of many things that might otherwise have been rough spots for the fellows who did the interviewing.

When the bankers left the conference, each had a supply of two-page schedules and a map showing the location of the areas from which he was to get information. Maps showing the areas located in the vicinity of banks not represented at the conference were given to the key bankers, who carried the ball from there.

Project Leadership

Principal leadership for the project was given to a graduate research assistant at VPI. Persons in the Federal Reserve Bank and the BAE also agreed to help. When the drive began in April 1949 to get the information from farmers in the areas selected, these fellows operated as trouble shooters. It was frequently necessary for them to visit bankers and help work out a local problem. They also interviewed farmers in some sections. The reports of the interviews were returned to the secretary of the Virginia Bankers Association, who kept track of the progress and forwarded them to the research assistant at VPI. Bankers spent many hours in the field, but within a few weeks all the records were completed, and we settled down to a study of the results.

Following through on our original plan for sharing responsibility, the research assistant at VPI proceeded to make necessary computations and extensions of the data, and to apply checks to estimate the accuracy of information given. Of course, the few incomplete and otherwise obviously deficient records were discarded. Then the analysis of the information began in earnest. As the research assistant produced results, the committee of representatives from the four cooperating agencies kept in close touch with the developments.

Preliminary Report

By the time of our 1950 Farm Credit Conference a preliminary report was ready. Again we gave this activity a feature play on our program, for we were then more convinced than ever of its value. Still functioning as a team, a representative of each of the four sponsoring agencies appeared and told the story

of what had been accomplished by his agency. The chairman pulled these together, and a year almost to the day after the project was initiated we were able to point with pride to the accomplishments.

All Is Not Gold

First of all, our bankers seemed to realize as never before that all is not gold that lies within the boundary of a farm. They had seen a close-up view of the great variations in the capacity of farmers to use borrowed capital, pay interest and repay the principal from the proceeds of the enterprise financed. There seemed to be a deeper conviction than ever that every farm business operation presents a special problem and has to be so considered when extending credit.

Aside from these and other general impressions, the data gave a variety of pictures showing the financial structure of Virginia agriculture. For instance, the capital investment was shown by principal items. As a result, bankers who have occasion to make loans to, say a dairyman, can see at a glance that for the dairy farms included in the study 67 percent of the capital was in land and buildings, 18 percent was invested in cows, 12 percent was in machinery and equipment, and the remaining 3 percent in miscellaneous supplies. This information is available for most of the major types of farming found in the state. Not only is the information given in state averages, but the sample of farms was so drawn that the analysis could be localized to any of six geographic regions when

Another of the National Bank of Orange's customers answers Mr. Green's questions while the two of them perch on a plank fence



enough of the same type of farms were found in them.

Credit Sources Examined

Sources of real estate credit were examined by principal types of farming to find out how the debt load varied and who was supplying the credit. We found that 39 percent of the dairy farms had a real estate debt. This was the highest on any type farm. Only 18 percent of the general farms reported such debts, which was the lowest for the commercial farm group. The noncommercial farms were found to have real estate debts on only 11 percent of them. Commercial banks were reported as holding 63 percent of the outstanding real estate debt on dairy farms, and only 11 percent on the peanut farms.

The nonreal estate debt was studied in a similar manner and equally significant variations were found.

The sources of both types of credit were examined in relation to the amount of capital investment in the farms. Only 14 percent of those farms having \$5,000 to \$7,500 capital investment reported real estate debt.

As the capital investment increased to \$50,000, the proportion of farms reporting real estate debt rose to 37 percent. It is in this range that the real opportunities to lend were found. Commercial banks held from 47 percent to 61 percent of the loans outstanding in that group.

We examined many other aspects of the financial status of Virginia agriculture including the type, distribution and amount of nonfarm assets held by farmers.

Can Do Better Job

Needless to say, the information will help those of us in the banking fraternity do a better job of servicing the farmers' credit needs. We also expect the educational agencies and other service groups working with farmers to make extensive use of this material in their teaching programs.

The benefits derived will doubtless continue to be realized over a period of years, for we had a great experience. Last but not least, four agencies have had a chance to know each other better and are now working as a team in an effort to improve the service to farm people.

NEWS *for Country Bankers*

This news covering various aspects of country banking was compiled by MARY B. LEACH of BANKING's staff.

Employees' Economic Course

Two courses in the basic economics of business, identical in nature and running concurrently at different hours, were offered recently for its directors, officers, business associates, and employees by The National Bank of Mattoon, Illinois. The courses consisted of discussion meetings, one hour long, and were held once a week for 13 weeks.

The broad objective of these meetings was to stimulate a real and genuine interest in the job, in the bank, and in the success of the bank through a better understanding of what makes for progress in business and to foster a better understanding of the values inherent in the U. S. free enterprise system.

The bank has 36 employees. One course, for directors, officers, and members of the industrial committee of the Association of Commerce, was held from 8:30 to 9:30 A. M. There were 28 in this course. Afternoon sessions, attended by 28 employees, were held from 4 to 5 P. M. A discussion period followed each session for those who wished to remain.

Typed notes were supplied at the conclusion of each session for filing in loose-leaf binders.

The courses were conducted by an outside firm of specialists in this field. J. Stanley Weis, president of the bank, presided over the meetings.

News and Historical Lore

FARMERS in the Berryville, Virginia, area are kept informed on the latest developments in their field through a weekly column in the local newspaper, carried as a paid ad. Initiated in 1949, the column is written by Ralph M. Ware, president of the First National Bank of Berryville.

Mr. Ware may devote the entire

column to one topic, or to five, as the occasion demands. He has a flair for writing and he frequently brings in a historical note as a springboard from which to launch his subject.

This is an example: In a story singing the praises of alfalfa, Mr. Ware introduced, with a light touch, the Biblical story of Nebuchadnezzar, which relates that "he was driven from men and did eat grass as oxen . . ." In his editorial comment, Mr. Ware surmised that it was not ordinary grass, but alfalfa that this Old Testament monarch ate during his banishment, since alfalfa originated in Iran—not far from where Nebuchadnezzar reigned.

The First National augments the weekly ads by distributing pictures, cartoons, and other material that carries a message.

Yearly the bank sends each of its farm customers an account book and income tax forms. A tax reference service is maintained at the bank for the benefit of customers.

Soil Testing Laboratory

WHEN the importance of a program for rebuilding worn-out farms in Union, Johnson, Pulaski, Alexander, Massac, Pope, and Hardin counties, Illinois, was presented to bankers in this area, they voted to finance a small regional soil testing laboratory.

That was two years ago. Today, thousands of acres of worn-out farmland are being restored to productivity. Why? Because the officers of 21 banks in the seven counties had enough faith in their farmers and farm land to invest in a program to test soil. What's more, they did it without any assurance that they would ever get that investment paid back into their coffers.

The whole program revolves around the testing of soil samples. A small laboratory, set up in the village of Vienna, enables farm advisers to make tests for acidity, phosphorus and potash content. These tests permit the experts to make recommendations for the correct kind of fertilizers and lime to put on pastures and orchard land. Once the farmer gets the prescription, he follows other recommendations. This includes working the fields so they can get a good seed bed, applying plenty of fertilizer, and seeding in a mixture of legumes and grasses.

The bankers financed the soil testing laboratory with noninterest-bearing loans. It was manned by experts who knew exactly how to go about making certain that the proper soil samples were taken from the fields and orchards and tested in a careful manner. A small fee was charged for each soil test made.

The Greenville (Ohio) National Bank sent out 1,800 containers and received 1,200 soil samples from farmers for use in soil testing clinic attended by 150 farmers. Left to right, Assistant Cashier Gerald Detrick; County Agent E. F. Kuester; President C. F. York; Purdue Prof. A. J. Ohlrogge; and Purdue Lab Assistant P. R. Smith



It's worked out that way, too. The laboratory began operating March 1948. Eight months later, it had made soil tests on about 10 percent of the land in the seven-county area, averaging only 10 cents an acre in cost.

Despite these very low fees, the laboratory had made enough money by the end of 1949 to pay back the original contribution made by the 21 banks in the area, but the bankers voted to leave the money with the program.

A big change is taking place in this southern Illinois area. Lush pastures are providing excellent forage for livestock.

Farmer, Farm-Leader Dinner

FORTY agricultural leaders, educators, members of the press, and successful farmers attended the second annual dinner in their honor given by the farm and trust departments of the First National Bank & Trust Company of Lexington, Kentucky. All who have had a hand in inspiring and guiding present and future farmers were among those present.

Reforestation

For the past couple of months **BANKING** has carried articles on what the American Bankers Association and some of the state associations and individual banks are doing to advance reforestation. Here, in brief, is what is being done in some of the states:

MISSISSIPPI: Forestry demonstrations were a part of the program at a series of three banker-farmer meetings sponsored by the Mississippi Bankers Association. The demonstrations included marking, harvesting, selling of timber tree poisoning, tree planting, and the use of fire-fighting equipment.

The Pascagoula-Moss Point Bank, Pascagoula, is another bank that has tree planting equipment, which it loans to its customers. The Bank of Morton interests its farm customers in selective cutting of timber and in market financing. In most cases the amount needed is \$500 or less.

MISSOURI: The Missouri bankers had an opportunity to study forestry management at a meeting in Van Buren. This meeting was staged by the Federal Reserve Bank of St. Louis in cooperation with the Mis-

Donald Pedigo of Moody, Texas, with O. "Dooley" Dawson, vice-president in charge of the agricultural department, Second National Bank, Houston, and Donald's cow. Young Pedigo caught the bank's registered Guernsey calf in the 1949 dairy calf scramble at the Fat Stock Show. The calf did a return engagement as a full-grown heifer in 1950



souri Bankers Association, the forestry department of the University of Missouri, and the forestry division of the Missouri Conservation Commission. It was arranged to show bankers that there is money in forestry and to illustrate the results of the Missouri Conservation Commission and the National Forest Service program.

OHIO: Bankers in the Buckeye State have been requested by the Ohio Bankers Association to cooperate in the forestry demonstrations conducted periodically in every county of the state by the Ohio Forestry Association in conjunction with the Ohio Division of Forests.

OREGON: The name of the agricultural committee of the Oregon Bankers Association has been changed to "committee on agriculture and forestry." This committee is plugging for a speaker at every bankers conference to familiarize the bankers with proper timber land management, so that the bankers, in turn, will be in a position to advise their farm customers.

TENNESSEE: Various aspects of forestry conservation have been featured in advertisements of the National Bank of Commerce, Memphis.

VERMONT: Key bankers in each Vermont county serve on county forestry festival committees, which plan the annual Vermont Forest Festival.

VIRGINIA: The agricultural committee of the Virginia Bankers Association cooperated with the Virginia State Forestry Service and Virginia Forests Incorporated in initiating an educational campaign on the importance of forests to the economy of the state.

The Federal Reserve banks of Boston, Atlanta, and St. Louis have

done considerable research work on forests and related subjects. The Boston bank has a forestry economist on its staff.

New Forestry Book

A NEW book just off the press entitled *The Changing Forest Situation* was written by Frank Sweeney, associate editor, American Enterprise Association, with headquarters at 4 East 41st Street, New York 17.

Topics covered in this 52-page volume include: The evolution of the forest resource; the basic facts; fire and organized protection; the changing character of conservation; state forestry legislation; difficulties of statistical projection; and bibliography.

Patience a Virtue

"PEOPLE in trouble do not always need a loan or a lawyer. Often they need only someone to sit down and talk with them. Anyone who objects to listening patiently to the troubles of others should not be a small town banker." **WILLIAM KIMBALL**, speaking at the Public Relations Workshop in Cincinnati.

4-H and FFA Honored

THE 4-H Clubs and Future Farmers of America were honored when the Minnesota bankers gathered last month for their 60th annual convention in Duluth.

To encourage the splendid activities of the 4-H and FFA members, the association sponsored four trips to the 4-H Club congress in Washington in June and will sponsor trips to the FFA national convention in Kansas City in October.

C. W. Wilkins, chairman of the association's agricultural and con-

(CONTINUED ON PAGE 94)

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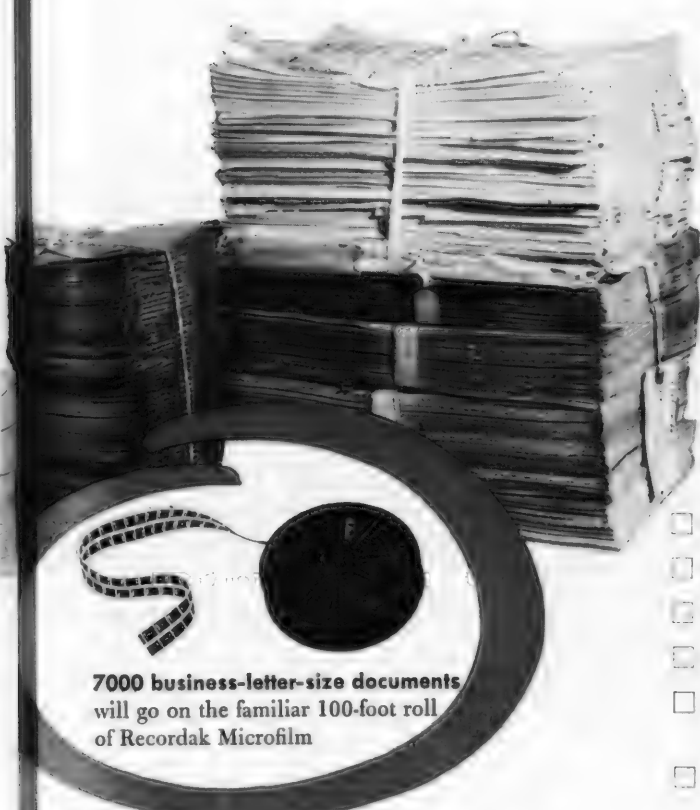
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- ☐ Ledger sheets of suspense accounts
- ☐ Trust department asset ledgers
- ☐ Christmas Club records
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- ☐ Wire transfers
- ☐ Judgments
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- ☐ Cancelled cashier's checks
- ☐ Certified checks
- ☐ Expense checks
- ☐ Dividend checks
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The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

Mr. OLYPHANT, on the faculty of The Graduate School of Banking, is a Government bond and money market specialist.

ANY lingering doubt that final responsibility for the fiscal and public debt policies remains with the Secretary of the Treasury and that these policies cannot be divorced from or be subservient to the credit policies of the central banking system should have been removed by two recent decisions of the Secretary.

The first was to obtain whatever funds were necessary to meet the cash deficit for the balance of the fiscal year ending June 30 by the sale of additional amounts of Treasury bills, and the second—announced on May 4—to refund the $1\frac{1}{4}$ percent certificates maturing on June 1 and July 1 by issuing 13-month $1\frac{1}{4}$ percent notes.

Both decisions were somewhat contrary to expectations, since the Federal Reserve authorities were on record as urging that the needed funds to meet the deficit be obtained from other than banking sources, and—to a large extent—Treasury bills have a tendency to end up in the banking system.

In addition, there had been considerable evidence that the "credit authorities" favored the immediate adoption of a one-year $1\frac{1}{4}$ percent rate so that a degree of "uncertainty" could be maintained in the short-term market by hints that any renewed inflation of the credit structure might be countered by

upping the one-year rate to 1% percent. The Secretary of the Treasury appears to have preferred to withhold his fire until he could see the whites of the eyes of inflation, and to have been by no means certain that it would be necessary either to fire at all or that higher short-term rates would even then be effective ammunition.

Anyhow, the terms of the offering failed to raise the percentage of the June 1 maturity turned in for cash payment as compared with previous refundings. Of the maturity of \$5-billion, only 4 percent (\$200-million) failed to accept the exchange offer and about the same result can be expected on July 1. How can it be otherwise? Just what else can the large holders of maturing certificates do with the money except take what the Treasury offers? They hold certificates because they prefer the short maturity. This is just as true for large corporations as for the larger banks.

Moreover, the Federal Reserve banks hold large amounts and are certain to exchange their holdings except when the Treasury has excess funds and wants to reduce the debt. Actually the Federal Reserve portfolio had over \$900-million of the June 1 maturity on February 28 and probably had close to \$1-billion (20 percent of the total) by June 1. More than 33 percent of the July 1 maturity is held by the Federal. Only the smaller holders actually have much choice as to what they will do.

On the constant roll-over of the

so-called "floating debt" the Treasury has everybody in a trap from which there is no escape. What is available other than what the Treasury offers? Not until 1952 when some \$13-billion $2\frac{1}{4}$ percent and $2\frac{1}{2}$ percent bonds become eligible for commercial bank purchase will the larger holders of maturing issues have an opportunity to make a choice. For the present every exchange offer made by the Treasury is almost certain to meet with ready acceptance.

Enough Money from Bills

Starting on April 10, \$100-million more Treasury bills have been offered weekly than matured. This program, if continued for the full 13-week period, would provide \$1,300,000,000, with an additional \$400-million available, should the four maturities of \$900-million on June 15, 22, 29, and July 6 each be upped to \$1,100,000,000. It seems quite doubtful that even that much will be needed as the balance in the general fund was over \$4,500,000,000, toward the end of May; some decrease in receipts appeared to be offset by lower than anticipated or postponed expenses and—of most importance from a cash standpoint—the rebate of premiums to holders of National Service Life Insurance policies was about completed. This, together with a decided lessening in unemployment benefits, will again result in an excess of cash income to the various Social Security funds as special issues will be substituted for the cash which will then be

available for current expenses. All in all it would seem quite possible that a new offering—other than bills—might not be necessary until the middle of July at the earliest, with the distinct possibility it might be later than that.

Rates on New Offerings

Another inference which can be drawn from the Treasury decisions is that interest cost is still a major factor. No longer can bills be sold at a $\frac{3}{8}$ percent discount basis. All of the current weekly offerings are being taken at an average price of about 1.16 percent. With the certainty that the final six months of 1949 will necessitate new cash financing of between \$2- and \$3-billion at a minimum—it could be more if European defense expenditures are stepped up as now seems more than probable—guesses as to the size of the coupon on new issues and their maturity need revision downward from both a rate and maturity standpoint.

Sales of Bills

As of January 31, about 65 percent of the total of Treasury bills outstanding were owned by the commercial banking system. It is probable that currently the percentage has somewhat increased. To the extent that bill holdings of the commercial banks and the Federal Reserve banks increase, bank deposits rise unless there are offsetting factors. One such offsetting factor since the first of the year has been the sale by the Open Market Committee of the longer term ineligible bonds from the Federal Reserve portfolio. To May 24 these had totaled \$1,241,000,000.

As these bonds cannot be bought by commercial banks their purchase by depositors reduces commercial bank deposits. Actually so far the deposit inflationary effect of the larger amount of Treasury bills has been more than offset by the steady absorption of the longer ineligible bonds by bank depositors from the Federal Reserve holdings. Moreover, the total of Federal Reserve credit—which is the base of the credit supply—was \$1,788,000,000 lower on May 24 than on January 4, and member bank reserve balances had declined \$1,333,000,000 for the same period. So far this year changes in the monetary factors have been de-

flationary rather than the reverse.

From time to time strong suggestions were made that a new ineligible issue should be sold; F and G Savings Bonds, for example, or a new longer term $2\frac{1}{2}$ percent bond. This has not been done, presumably because Treasury surveys gave no indication that enough funds were available to buy such an issue without offsetting sales of eligible issues. It is really interesting that what has occurred has been that nearly \$1,250,000,000 of such issues have been placed with investors on a week to week basis rather than at any one time. The Open Market Committee has consistently tempered its offerings to market demand, thereby mopping up such funds as became available. Meanwhile, the deflationary effects of such sales on bank deposits have been more or less offset by the increased amounts of Treasury bills taken by the commercial banking system.

The Market for May

For most of the month prices for the bonds available for purchase by commercial banks improved. The $2\frac{1}{4}$ percent issue callable on September 15, 1956, seemed to gain in favor as the possibility lessened that a new issue of competitive maturity was a near-term threat. To the middle of the month the "Bank" $2\frac{1}{2}$ s 9/15/72/67 rose gradually to nearly $105\frac{1}{2}$, but later dropped back to about $105\frac{1}{4}$ with unsubstantiated rumors that the Open Market Committee had indicated some willingness to sell a few from

the Federal Reserve's modest supply of that issue. The high coupon, high premium P.T.E.'s maintained their prices, with the $2\frac{3}{4}$ 65/60 gaining a few thirty-seconds.

But the "ineligible" bonds continued to register lower prices. This was true not only for the "Victory" $2\frac{1}{2}$ percent 12/15/72/67 and all the earlier callable $2\frac{1}{2}$ percent issues from 1962 to 1966, but for the $2\frac{1}{4}$ percent 62/59 which were off about one-quarter point for the month. Yielding 2.05 percent at 101 19/32 and expected to be worth not less than a 1.75 percent basis with a seven-year call date in 1952—over two points above the present market—when this issue will be eligible for purchase by commercial banks any further price decline would seem to offer an attractive interest carry for the next two years to eligible purchasers who are conservatively minded from a maturity standpoint.

During May the Open Market Committee kept pressure on the market for the ineligible bonds, actually selling \$401,000,000 in the five weeks ending May 31. That the price shrinkage should have been as small as it was was evidence of continued buying from other than commercial bank sources and continued availability from week to week of funds for investment.

The outlook seems to be for a continuance of the same type of market for some time, with the Open Market Committee simply providing what the market will take and probably not being adverse to some slight further price reduction.



The Big Three Soap Makers

H. EUGENE DICKHUTH

A KEEN competitive struggle among three major producers marks the operations of what is commonly known as the "soap" industry, although that description is, of course, a misnomer, since a great many other products are manufactured by the companies in this group.

The undisputed leader in this field is Procter & Gamble Company, at least at this time, although in some items Lever Brothers Company excels, and in others the lead is given to Colgate-Palmolive-Peet Company. As the struggle for supremacy among these three enterprises proceeds, some 800 smaller manufacturers get their share of the

business as well. This total compares with about 232 in 1937.

The main competition centers around a relatively new line of detergents (cleansing agents and solvents), successors to the lowly soap powder of prewar days.

The increase in their use has been almost phenomenal. In 1947, some 2.5-billion pounds of soap was produced in the United States and about 125-million pounds of synthetic detergents.

The following year, the detergents' output had risen to 300-million pounds, while the 1949 figure is estimated at 712-million pounds by the Association of American Soap and Glycerine Manufacturers.

Because of the intense competition, actual production figures are a closely guarded secret, and those compiling the statistics at the association use codes rather than actual firm names. There has now appeared a whole series of detergents for varying purposes.

There are some on the market whose claim, for example, is that no rinsing whatever is required for dishes. Some produce so much suds that they cannot be used in, say, washing machines, where other special detergents are asserted to be preferable.

One general advantage of detergents is that they work as well in soft as they do in hard water. About 60 percent of the population in the United States uses hard water and previously it was necessary for manufacturers to produce two kinds of soap. This is still done so far as soaps are concerned, of course.

Among the latest developments in this field was the perfection of new "soapless soaps" for both homes and industry, reported recently by the American Chemical Society. Because of the keen competition in this field, companies offer great inducements to the retail and wholesale markets, and the Federal Trade Commission has been holding hearings on whether promotional allowances granted by major companies, coincidental with price cuts, produce other than usual services.

The field of detergents and their development has involved use of many synthetic agents and has led to an appreciable participation of the chemical industry, which in many respects is overlapping.

Thus, the soap companies have added many other products to their lines, such as cosmetics, shampoos, home permanent waves, tooth paste, tooth brushes, tooth powder, and antiseptics. Also, margarines, salad dressings and shortenings.

Prices for soaps and detergents have not fluctuated much in the last

(CONTINUED ON PAGE 102)

Other Securities

DESPITE the advancing warm weather season, the investment underwriting markets continue to flourish. On recent days, demand was extraordinary. In one trading session alone, buyers absorbed more than \$200-million of high-grade bonds. The issues involved were \$60-million Northwestern Bell Telephone; \$60-million Pennsylvania Co. and \$70.3-million New York State bonds, along with an assortment of lesser corporate and municipal offerings. Buying emanated from institutions, estates and private channels. Issues now in registration suggest continuation of fairly heavy volume in the weeks to come.

* * *

Annual reports issued and stockholder meetings held last month confirm the previous trend of excellent business conditions with few exceptions. Standard Oil Co. (New Jersey) held a record gathering at its refinery in Linden, N. J., which attracted 1,600 shareholders. They were told that net income of the consolidated companies would be about \$145-million, or \$4.80 a share for the first half, against \$137.1-million, or \$4.54 a share in the first six months of 1949. The management predicted "a somewhat better picture for the last half of 1950 than for the first half."

Stockholders of General Motors Corporation will be given an early opportunity to vote on a directors' proposal that ownership of the company be split into more than 88,000,000 shares, compared with 44,000,000 now. The change would give General Motors the largest number of shares outstanding of any company in existence.

New York Central Railroad began an innovation this year in running a "stockholders' special" to Albany at excursion rates. Eleven out of fifteen directors were present and more than 340 shareholders came up from New York. Because of the coal strike, firemen's walkout and resultant loss of traffic, Central reported a loss of \$3,568,000 for the first four months, against profits of \$3,800,000 last year.

The annual report and stockholder meeting season is just about concluded by the end of June with the advent of the dog days.

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PHILIP GONDBEAU, N. Y.

Conservative Lending Recommended for Boom Times

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

"IN BOOM TIME it is wise to get out of debt," according to a bulletin just released by the Consumer Credit Committee of the American Bankers Association.

"Common sense," says the bulletin, "would direct going into debt when times are hard, and the liquidation of debt when economic conditions are favorable. Most authorities recognize that in boom time credit terms and the selection of risk should be on a conservative basis. What, then, is a conservative basis on instalment credit?"

"First and basically is the evaluation of the risk, competence, and character. Secondly, the terms; terms that are sound—that fit the individual case and provide a flexible and personalized credit policy."

"Easy Terms"

"Easy terms" aren't easy, it is pointed out. And the easier the terms, the greater is the credit cost. The borrower is better off making as large a down payment as possible and paying as much a month as he can "comfortably afford."

Good loan policy is not trying to see how much money can be loaned. Good loan policy is trying to see how wisely money can be loaned.

—C. A. RUDE

The bulletin then lists terms which are "considered conservative" by the Committee:

	Down	Pay-	Months
	ment	to	to Pay
Automobiles			
New	33⅓%		24
Used (late model)	33⅓%		18
Used (older model)	40%		12
Household Appliances			
(Minimum: Down, \$15; monthly, \$7.50)			
Refrigerators,			
Washing Machines,			
Ranges, Ironers ...	10%		24
Television, Radios,			
Combinations, Other			
Appliances; Furni-			
ture	20%		18

"Bait and Switch"

The bulletin then explains the "bait and switch" methods being used by some lenders when making such offers as "no down payment

and 36 months to pay." It is "almost impossible" to close the deal on the advertised terms, the Committee discloses. The idea is to draw the buyer in, then convince him of the wisdom of borrowing on more conservative terms.

"The most annoying thing about this bait and switch practice," the bulletin points out, "is that it misleads the more highly principled merchant, lender, and the public into the belief that looser or easier credit terms are available. This tends to introduce a disturbing agitation into an otherwise flexible market."

"The Committee on Consumer Credit of the American Bankers Association strongly opposes these practices and has repeatedly recommended to banks that all advertising be kept restrained, truthful, and exact."

Selections Difficult; Collections Good

The bulletin also reveals that the selection of good credit risks is becoming more difficult. Certain areas have reported a rise in rejections on instalment loan applications.

Collection experience has been (CONTINUED ON PAGE 70)



The Income Purchase Plan Means Business...for YOU

Your International Harvester dealer is encouraging farmers with limited working capital to buy needed equipment on time. Here's how this can mean more business for you!

The Income Purchase Plan is simple as "a," "b," "c." It splits the amount to be financed into small installments. It earmarks, *at the time of the sale*, future sources of income for repayment of the principal. It matches payments with regular income or seasonal marketing of crops and livestock.

Experience has proved that farm equipment loans are sound. Tractors, combines, and other productive farm implements make savings which in effect enable them to pay for themselves. This self-liquidation together with a long life expectancy makes farm equipment excellent security.

As the credit center for your community, you'll want to finance farm equipment sales made with the help of the Income Purchase Plan. Team up with your IH dealer to put more productive equipment to work on farms in your locality. It will mean bigger profits and better living for your farmer customers... more gilt-edged loans for you... greater prosperity for your whole community. INTERNATIONAL HARVESTER COMPANY, Chicago 1, Illinois.

INTERNATIONAL HARVESTER

International Harvester Builds McCormick Farm Equipment and Farmall Tractors . . . Motor Trucks . . . Crawler Tractors and Power Units . . . Refrigerators and Freezers



(CONTINUED FROM PAGE 68)

good, which the bulletin attributes to a selective credit policy and a firm collection policy.

Auto Loan Promotion

The Bayside (N. Y.) National Bank has an unusual promotion for direct auto loans. The bank has published a 20-page brochure entitled "Bayside National Automobile Review."

Each page of the publication is devoted to one make of automobile. A popular model is illustrated; every model of that make is listed, together with the price at which it sells locally; and the name and address is given of every dealer for that car in the bank's trade area. "See page 19 for Auto Finance Plan" appears on each page.

On page 19 is an example of how to figure the actual amount of monthly payment for 24 months, the amount of financing charge included, etc. The amounts are for new cars only ("rates a little higher on used cars"), and while the amount of insurance is not included in the example, all standard forms of insurance may be included in the loan.

Typical page from the Bayside (N. Y.) National Bank's "Automobile Review"



FORD

USE THE BAYSIDE NATIONAL AUTO FINANCE PLAN TO BUY YOUR FORD



Left to right, Crandall Melvin, president, Merchants National Bank & Trust Company, Syracuse; Robert J. Smith, assistant regional director, FHA, Albany; Everett F. Williams, national vice-president; "NERSICA" (see story); and Dravis H. Gehring, assistant vice-president, Merchants National, at the bank's meeting for home improvement products dealers

Meeting the Dealers

The Merchants National Bank and Trust Company of Syracuse, New York, goes after FHA loans and believes in getting to know its home improvement products dealers. To this end it recently held a meeting for more than 200 dealers and salesmen of the Central New York area.

The meeting was aimed at a better understanding of this type of lending by dealers and bank staff.

Robert J. Smith, assistant regional director of FHA, Albany, explained FHA Title I with recent amendments, and followed his talk with a question-and-answer period.

Everett F. Williams, national vice-president of Northeastern Roofing, Siding, Insulations Contractors Association (NERSICA), spoke.

Dravis H. Gehring, assistant vice-president of the bank and head of its instalment loan department, told of the planning done by the bank to provide fast service on financing.

As Others See Us

Westinghouse has expanded its Equity Plan to include air conditioning. The plan covers financing through local banks of inventory and display stocks, with a repurchase agreement to protect the bank from loss.

In its literature to dealers and distributors, the corporation makes an interesting explanation of why it recommends financing through local banks?

"(1) Coverage: Local financing by local banks sets up potential financing service facilities greater than heretofore experienced by Westinghouse air conditioning distributors and dealers.

"(2) Fair Charges: Low cost is usually synonymous with banks' charges, which are based on fair practice.

"(3) Dependability: No commercial institution has a greater stake in the community than the local bank. This position of trust and respect held by the local bank is as

(CONTINUED ON PAGE 100)

SERIES "A"

ADVERTISING COPY AND MAT SERVICE

How to Use this Service

Mats are available without charge for all advertisements illustrated. Mats contain headlines and illustrations only. Copy can be set by your local newspaper—using copy shown in this sheet as a guide, with changes to meet your needs.

TO ORDER MATS—List mats desired by number, as shown on this guide sheet, giving quantity desired of each. Please send orders on your bank letterhead to:

Can You Use This *HELPFUL AD-SERVICE?*



Over a period of time, Mellon National Bank has prepared and used a large number of local newspaper advertisements—on such subjects as Savings and Checking Accounts, Installment Loans, Mortgage Loans, Business Loans, Bank-by-Mail Service, etc.

These advertisements have worked for us. We believe they will work for our correspondent banks, too. So we are now making them available in mat form, with copy which you can adapt as desired to fit your own needs. From time to time, new series of ads will be made available.

If you are in a position to benefit by this "Advertising Idea Service," a request on your bank letterhead will bring you a copy of this portfolio.

MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH 30, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANK LAW NEWS

Conditional Sale Contract—Trust Powers After Merger

CONDITIONAL SALE CONTRACT

Failure to file fails to void holder's security interest.

Although delay in filing a conditional sales contract may make the contract void as against the purchaser's lien creditors, the contract holder may still be a secured creditor according to the U. S. Court of Appeals for the Second Circuit.

Plaintiff purchased two steam generators on a conditional sales contract which was assigned to defendant. Defendant did not file the contract until after plaintiff had filed a petition for an arrangement under Article XI of the Bankruptcy Act. The petition listed the defendant as a secured creditor and plaintiff did not offer to contribute the value of the generators to the plan of arrangement later filed.

Later on, however, plaintiff asked the court to declare the contract void and defendant an unsecured

creditor who should participate only in the assets distributable under the arrangement. Then, while this petition was pending, the plan of arrangement was confirmed. Thereupon, plaintiff asked the court to reopen the matter and set aside the contract.

Plaintiff's argument on this point ran as follows: The Bankruptcy Act provides that when no receiver or trustee is appointed, a debtor continues in possession of his property and has all the powers of a trustee; a trustee is armed with all the rights of a lien creditor; plaintiff, as a debtor in possession, thus had the right to set aside the conditional sale contract on behalf of general creditors.

The appellate court pointed out, however, that the rights of a trustee are subject at all times to the control of the bankruptcy court and to such terms and conditions as it may

prescribe. That court, through its referee, had found that creditors' rights were not involved, since the steam generators had contributed nothing to the confirmation of the arrangement, and, therefore, that the conditional sales contract remained valid as between plaintiff and defendant.

The appellate court then upheld the referee and expressed its opinion that plaintiff was seeking to void the contract only in order to appropriate the generators to its own use, not for the purpose of contributing their value to the creditors. If any persons had a better right than defendant to a lien on the generators, said the court, it would be the creditors and they, having accepted the arrangement without objection, could not now attack it.

One judge dissented on the grounds that the value of the generators should have inured to the general creditors and that the court still could void the contract under its power to reopen estates for cause shown and see to it that the avoidance should not result in "a windfall for the debtor." *Whiteford Plastics Co. v. Chase National Bank*, 179 F. 2d 582.

TRUST POWERS AFTER MERGER

In Illinois successor bank may administer trusts without necessity of court appointment.

Under Illinois law a trust administered by a corporate trustee does not become vacant upon the trustee's merger with another trust company, and the creator of the trust is presumed to have known that such a merger might occur.

The U. S. Court of Appeals for the Seventh Circuit so held in a case involving the estate of one Otto Young, who died in 1906. In accordance with the terms of his will, a state-chartered trust company be-

(CONTINUED ON PAGE 74)



Did you know?

... that social security legislation, which dates back less than 20 years in the United States, was enacted in Europe over half a century ago? ... that Wisconsin was the first state to pass an unemployment insurance law, and that its law preceded the federal social security law? ... that the famous German general, Bismarck, was one of the early supporters of social security and that the first compulsory health insurance law was enacted while he was Chancellor in 1883? ... that unemployment insurance in Great Britain has been in effect since before World War I?

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WEEK IN AND WEEK OUT, all through the year, the informative regular issues of CCH's UNEMPLOYMENT INSURANCE REPORTS — Federal and Home State, hurry to subscribers in your state the important developments, the significant changes, affecting unemployment, sickness and disability, and old-age and survivors insurance programs established under the federal and your home state laws.

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Special attention is given to the highly important experience rating provisions of state unemployment insurance laws. Detailed discussions of "payroll tax savings" indicate how, through compliance with the various conditions set out in the laws, definite and substantial savings in payroll taxes may be possible.

Taxes, contributions, benefits, returns, reports, instructions, and the like, are presented, with plain-English explanations. Currently effective laws, regulations, rulings, court and administrative decisions, and so on, are promptly, accurately reported.

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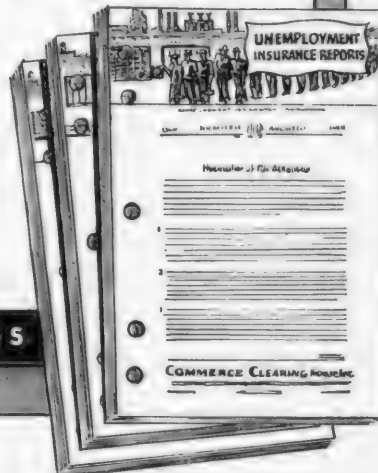
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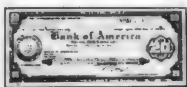


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Through its California-wide service (yours through one account in Los Angeles or San Francisco) Bank of America gives you direct routing to cities and towns throughout the state. This personalized service preserves the "human touch" in your correspondent relationships as well as providing speed and efficiency in the handling of California transactions.

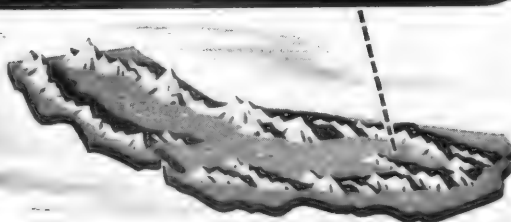
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are known the world over.
Sell them to your customers.**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 72)

came trustee of his residuary estate and continued in this capacity until merged with another trust company, which then assumed the trusteeship until succeeded by a national bank with which it, in turn, had been merged.

One of Otto's heirs eventually sought to have the trusteeship declared vacant, pointing out that the will provided that in the event the trustee failed to act, a new one might be appointed by any court of competent jurisdiction. It was claimed that when the first trustee, having been merged, ceased to exist it thereby "refused to act" and that a new trustee could be validly appointed only by court order.

There had been no court appointment of a successor trustee, and therefore, plaintiff claimed, the successor bank was trustee *de son tort*, a lawyer's way of saying *without authority*.

Overruling the district court, the Court of Appeals refused to agree with the plaintiff. Under Illinois law, said the court, banks and trust companies, upon merging, become integral parts of a new corporation, and cease to exist as individual entities. But, though they lack formal legal existence thereafter, they do remain alive in the new corporate entity for the purpose of performance of their trust duties.

Both state and Federal law permitted the various mergers, and both provided that a consolidated bank should hold the same rights and interests as trustee as were held by any of the constituent institutions at the time of the merger.

Every testator, like every other person, is presumed to know the law and thus to know that a corporate trustee may act in accordance with the law. He is presumed to know that changes in his trustee's corporate structure may occur, and to have contemplated "the possibility of consolidation, change of name, or other mechanical improvement or modification of the corporate structure."

Thus, said the court, when Otto Young made his will he was charged with knowledge that a consolidation might occur in Illinois, under Illinois law, and might also occur by virtue of Federal statute thereafter enacted. He was thus presumed to have contemplated that the duties of

trustee under his will might pass without court appointment to institutions other than the one he specifically named. *De Korwin v. First National Bank*, 179 F. 2d 347. *Paton's Digest*, Banks and Banking §13A:1.

BANK v. SURETY

Law permits assignment of claims against U. S. to banks, not to surety companies.

In Texas a contractor borrowed money from a bank in order to obtain labor and material to perform certain Government war contracts, and, as collateral security, assigned to the bank his claims against the Government for work done on the contracts.

Thereafter the bank assigned the claims to another bank, giving proper notice to the contractor's surety; the contractor, after using the borrowed money for the purpose intended, defaulted on his contracts; the Government terminated the contracts; the surety was required to pay out certain sums to laborers and materialmen; and both the second bank and the surety laid claim to payments still owing by the Government for work done prior to the default.

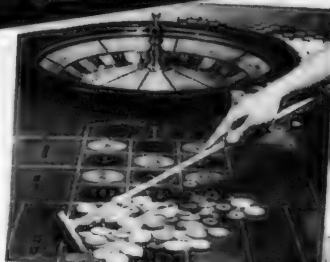
The U. S. Court of Appeals for the Fifth Circuit observed that while the Federal Anti-Assignment act prohibits assignments of claims against the U. S. generally, an amendment to the act specifically excepted banks from the prohibition so that war contracts might be financed in the manner used in the instant case. On the other hand, the act does not except surety companies.

Accordingly the court held that the assignments to the bank were the only ones involved which were valid under the Act, and since the money borrowed was used in performance of the contract, the bank was entitled to the money owing from the Government. *General Casualty Company v. 2nd National Bank*, 178 F. 2d 679.

ACCORDING to a Twentieth Century Fund study, competition both feeds, and feeds upon, expansion. Only in an expansive economic situation can economic readjustments be made with so little pain that people will tolerate them.



**Will an embezzler spend
the money you lend?**



Every working day, American business firms lose about \$1,750,000 to dishonest employees. In individual cases, employee thefts have made it impossible for companies to satisfy their credit obligations.

Recognizing the seriousness of this threat to business security, prudent bankers insist that applicants for commercial loans be adequately protected against embezzlement loss.

Your local F&D representative will gladly assist you in checking the form and sufficiency of your borrowers' dishonesty insurance. This precaution costs you nothing—it may save you thousands.

FIDELITY AND DEPOSIT COMPANY
Baltimore Maryland



FIDELITY, SURETY AND BANKERS
BLANKET BONDS; BURGLARY AND
OTHER NEEDED FORMS OF INSURANCE

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE



Other Organizations

A WIDE variety of banking hours in Wisconsin is revealed by the answers to a questionnaire of the **Wisconsin Bankers Association**. Data received from all of the state's 556 banks and their 151 branches indicated that:

123 banks and seven branches are open from 9 to 3, Monday through Friday, and from 9 to noon on Saturday;

101 banks and 55 branches maintain those same hours but close for one hour at noon;

30 banks are open six days a week on several kinds of schedules, but close one afternoon in the first five days;

88 banks and 34 branches have a five-day schedule, being closed on Saturdays, but remain open one evening, usually Friday;

and 214 banks and 55 branches have such varied schedules that they cannot be classified satisfactorily by groups.

An analysis of the answers by Wall G. Coapman, secretary of the WBA, suggests that "Business Hours in Banking" would be a good subject for discussion at future county association meetings.

* * *

A cost analysis report based on data from 146 Kansas banks has



At the annual meeting of the Mexican Bankers Association last April are shown, left to right, Secretary of Economy Antonio Martinez Baez, Nuevo Leon's Governor Ignacio Morones Prieto, Finance Secretary Ramon Beteta, MBA president Gustavo R. Velasco, and Subsecretary of Finance Rafael Mancera. Several bankers from the United States attended this meeting on the other side of the Border

been compiled by the **Kansas Bankers Association**. Figures are grouped according to bank size, as in previous reports. The report was the basis of a study at the KBA bank management clinic at the University of Kansas early last month.

* * *

More than 35 individual subjects

relating to real estate financing and investment were covered last month in the **Mortgage Bankers Association's** annual school. This, the school's third annual session, was held on the Chicago campus of Northwestern University.

* * *

Another June school for bankers was that held by the **Kentucky Bankers Association** at the University of Kentucky, Lexington. The school

(CONTINUED ON PAGE 78)



Madison L. Funderburk, president, Citizens National Bank & Trust Company, Houma, Louisiana, calls on a 4-H Club member at a farm clinic luncheon in Franklin, Louisiana. This was one of five farm clinic meetings sponsored by the Louisiana Bankers Association last May, together with Louisiana State University, and the Federal Reserve banks of Atlanta (New Orleans branch) and Dallas. Approximately 225 boys, 4-H Club and FFA members, were presented with certificates in "recognition of the economic contribution he has made to the progressive way of life in his community"

SOME NEW STATE ASSOCIATION PRESIDENTS



Left to right: OHIO—Seward D. Schooler, president, Coshocton National Bank; VIRGINIA—Giles H. Miller, Jr., president, Culpeper National Bank; MICHIGAN—Harold B. Asplin, vice-president, National Bank of Detroit; ILLINOIS—Joseph R. Frey, president Lake Shore National Bank, Chicago



Left to right: OREGON—Ralph Thom, assistant manager, Bank of California, N.A., Portland; NEBRASKA—W. H. Pierce, president, First National Bank, Shelby, and First National Bank, Osceola (elected 1949); SAVINGS BANKS ASSOCIATION OF MAINE—Millard C. Stevens, treasurer, Auburn Savings Bank; UTAH—R. C. Wilson, senior vice-president, First Security Bank of Utah, N.A., Salt Lake City



Left to right: CONNECTICUT—Winthrop W. Spencer, president, Colonial Trust Company, Waterbury; OKLAHOMA—W. D. Finney, president, Washita Valley Bank, Fort Cobb; RHODE ISLAND—M. Randolph Flather, treasurer, Industrial Trust Company, Providence; ARKANSAS—Shelby Ford, president, First State Bank, Springdale



Left to right: NEW HAMPSHIRE—Earle A. Welch, vice-president and treasurer, Meredith Trust Company, Meredith; MINNESOTA—Willis A. Putman, vice-president, First and American National Bank, Duluth; TENNESSEE—Jesse Bradshaw, vice-president and cashier, First Citizens National Bank, Dyersburg; VERMONT—Earl S. Wright, president, Marble Savings Bank, Rutland

(CONTINUED FROM PAGE 76)

consumed five and one-half very full days. Cosponsors of this school are the university and the state's department of banking.

* * *

The West Virginia Bankers Association celebrated "Know Your Bank Week" in mid-June. Posters and suggestions for local activities were distributed to members.

* * *

The sixth Georgia Bankers Study Conference was in session for three

days in June at Emory University. Subjects covered included loans, advertising, investment, consumer credit and legal matters.

* * *

A recent issue of *The Great Lakes Banker* carries an article entitled "You and Your Bank," by Dewey M. Beck, director of Public Relations of the Illinois Bankers Association. The article is intended to be a simple, understandable definition of a bank and its importance to its community. If sufficient requests are received, it is planned to reprint the article in

pamphlet form for distribution to banks and state associations.

Some excerpts from the article will indicate its approach to this bank public relations matter:

Your bank—the bank in your town—is typical of the over 15,000 independent, locally owned business enterprises throughout the United States engaged in the business of encouraging thrift, safekeeping your valuables, and putting your money, deposited in the bank, to work at a profit by loaning it to worthy borrowers and investing in high grade securities.

The borrowers are home owners, merchants, manufacturers, professional men, and all the people and private enterprises, large and small, that go to make up the typical American community.

As your schools and churches are important to your town, so are your banks. Your bank may have had an important part in the founding and development of both by loaning the money on the church mortgage or purchasing the school bonds or warrants to hold as a part of its investments. . . .

The American banking system of state and national banks, operating under state and Federal laws, is the best banking system in the world. It is one of the safeguards of the "American Way of Life." It is your responsibility to know your bankers, to do business with your bank, and to do everything in your power to see that your country and your town continue to have the financial services that can only be offered by an independent dual banking system as represented by your bank.

Milton T. MacDonald, vice-president, The Trust Company of New Jersey, Jersey City, has been nominated for the presidency of the Mortgage Bankers Association of America. Election will take place at the association's convention in Detroit in September



RELATIONSHIPS

that are mutually advantageous are

the type that are the most lasting.

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Juggles, dances, plays the flute. Now if only Vernon could handle a *few more* assignments he'd be almost as versatile as Monroe . . . that trim, figure-hungry Monroe Model 410 so many budget-conscious bankers praise today. And for such good reasons:

This duplex type adding machine does so much so well. It adds and subtracts directly in either register without affecting the other or accumulates in one register the individual totals produced in the other. It eliminates recapping on work like listing outgoing or incoming clearings, running batch sheets, proving old and new savings account balances—in short, wherever figuring calls for summarizing. It also can "turn to" as a regular single register adding machine for prelisting, running trial balances, and other adding machine work. Briefly, this many-handed, work-hungry Monroe saves time, trouble, effort anywhere it's put to work in a bank. Like proof? Call your local Monroe office and ask for a demonstration. Today! No obligation, naturally.



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BANKING NEWS

Diamond Convention Delegates Queried On Entertainment

N. Y. Clearinghouse Banks Will Be Hosts

In order to plan a hospitality and entertainment program for the Diamond Anniversary Convention of the American Bankers Association which will have the greatest possible appeal to those attending, the entertainment committee of the New York Clearing House Association has sent a tentative program to all A.B.A. member banks. It is asking that those planning to attend the convention Sept. 24-27 indicate on a questionnaire which of the features listed appeal to them the most.

The entertainment of visiting bankers will be tendered jointly by the New York Clearing House banks. So far, there are 16 features on the program, including a symphony concert, a variety show, baseball games, interesting tours, etc. The Mayor's Reception Committee is cooperating in the development of the program.

On Sunday, Sept. 24, there is scheduled a reception at The Waldorf-Astoria from 4 to 7:30 P.M. This is to be followed by a symphony concert at Carnegie Hall conducted by Leopold Stokowski.

On Monday, there will be a luncheon and fashion show for women at the Commodore Hotel from 12:30 to 3 P.M. That night there will be a variety show to be staged at the Metropolitan Opera House. Another feature that night will be a baseball game between the Dodgers and the Giants at Ebbets Field in Brooklyn.

On Tuesday afternoon, tours are to be provided. One will be a boat trip around the harbor as guests of The Port of New York Authority. Another will be to Jones Beach as guests of the New York City Triborough Bridge Authority. Still another will be to the United Nations at Lake Suc-

(CONTINUED ON PAGE 83)

Public Relations Workshop Draws 100 Bank Promotion Men

Similar PR Clinics Planned by A.B.A.

The Public Relations Workshop held recently in Cincinnati was attended by 100 leaders in organized bank public relations. The Workshop was sponsored by the Public Relations Council of the American Bankers Association and the state bankers associations of Illinois, Indiana, Kentucky, Michigan, Ohio, and West Virginia, and had for its purpose discussion and demonstration of tested methods in public relations now in use, new thinking, and the possibilities of future action.

The A.B.A. and the various state bankers associations had exhibits of programs now in use; moving pictures produced by associations and banks were shown. Various phases of public relations were discussed by a number of speakers. A panel was held on the question of whether there is a political threat to private banking and how it can be met.

William H. Neal, senior vice-president of the Wachovia Bank and Trust Company, Winston-Salem, N. C.,

(CONTINUED ON PAGE 82)

William H. Neal, Winston-Salem, addressing the first session of the Public Relations Workshop in Cincinnati. Seated, Willis B. Conner, Jr., Indianapolis, and J. Lowell Lafferty, Dallas, chairman of the A.B.A. Public Relations Council



1,000 at G.S.B. 15th Anniversary Session

The Graduate School of Banking, completing its 15th anniversary session on July 1, was again at capacity enrolment of 1,000 for its session at Rutgers University, New Brunswick, New Jersey. The bank officer-students came from 39 states, the District of Columbia, and Cuba. The faculty numbered 43, plus 23 special lecturers.

The next issue of BANKING will contain a feature on this year's session.

Announcement has been made that the 15th anniversary of The Graduate School of Banking will be fittingly celebrated on September 23, in connection with the 75th anniversary convention of the American Bankers Association at The Waldorf-Astoria, New York.

Six Identification Articles Reprinted In Booklet Form

Six articles on Identification With and Without Credentials written by H. J. Beppler, Insurance and Protective Committee of the A.B.A., and published in the *Protective Bulletin* during 1949, have been reprinted in booklet form.

The topics covered in the new identification booklet include: (1) The broad perspective; (2) methods of evading personal identification; (3) uses and abuses of the telephone; (4) value of depositor status to swindlers; (5) emotional, sentimental and charitable appeals; and (6) strangers are not always crooks, but—

Copies are available at a nominal charge.

State Taxation of Banks Being Studied By Legislative Group

The completion of a 1950 *Bank Tax Symposium* and the inauguration of another "Bank on Wheels" tax study has been announced by Hayes Picklesimer, chairman of the Committee on State Legislation of the American Bankers Association, who is president of the Kanawha Valley Bank in Charleston, W. Va.

The *Symposium* is a compilation of reports on the bank tax situation in each of the states, prepared by informed bankers and lawyers. It contains much information not generally found in statute books and magazine articles and is a valuable source of information on current taxing trends and comparative analyses.

A copy of the *Symposium* has been filed with the secretaries of the state bankers associations for reference purposes.

The "Bank on Wheels" study will show the tax that would be levied should a bank, seized by wanderlust, spend some time in each of the 48 states. In each case, the tax burden will be shown as a percentage of the bank's net income and capital funds.

The study will be completed in the early fall and will provide a graphic illustration of the relative equity and effectiveness of the state tax system.

Revision of Suggested Blanket Bond Coverage Made by Protective Committee

A revision of suggested amounts of blanket bond coverage carried by banks has been made by the Insurance and Protective Committee of the American Bankers' Association. The Committee suggests that in applying the new yardstick "banks which operate branches may deduct the total amount of deposits at all branches or the amount of deposits at the head office, whichever is lesser. The balance in U. S. Treasury tax and loan accounts should also be eliminated from your aggregate deposits when ascertaining suggested amounts of coverage applicable to your bank."

The Committee recommendations are outlined in the table which follows:

AMOUNTS OF BLANKET BOND COVERAGE

<i>Banks with Deposits of</i>	<i>Suggested Range of Minimum Amounts</i>
Less than \$300,000	\$10,000 to \$20,000
\$300,000 to \$500,000	20,000 to 30,000
500,000 to 750,000	30,000 to 40,000
750,000 to 1,000,000	40,000 to 50,000
1,000,000 to 1,500,000	50,000 to 65,000
1,500,000 to 2,000,000	65,000 to 80,000
2,000,000 to 3,000,000	80,000 to 100,000
3,000,000 to 5,000,000	100,000 to 125,000
5,000,000 to 7,500,000	125,000 to 150,000
7,500,000 to 10,000,000	150,000 to 175,000
10,000,000 to 15,000,000	175,000 to 225,000
15,000,000 to 20,000,000	225,000 to 275,000
20,000,000 to 25,000,000	275,000 to 325,000
25,000,000 to 35,000,000	325,000 to 400,000
35,000,000 to 50,000,000	400,000 to 500,000
50,000,000 to 75,000,000	500,000 to 650,000
75,000,000 to 100,000,000	650,000 to 800,000
100,000,000 to 150,000,000	800,000 to 1,000,000
150,000,000 to 250,000,000	1,000,000 to 1,500,000
250,000,000 to 500,000,000	1,500,000 to 2,000,000
500,000,000 to 1,000,000,000	2,000,000 to 3,000,000
1,000,000,000 to 2,000,000,000	3,000,000 to 5,000,000
Over \$2,000,000,000	5,000,000 and up

Seek Banker Opinion On Business Outlook in Last Half of 1950

The second of its twice-a-year surveys of banker opinion is being processed by the Credit Policy Commission of the A.B.A. Questionnaires were mailed on June 1 to several hundred bankers asking what they think the future holds in the next six months.

Kenton R. Cravens, chairman of the Commission and vice-president of Mercantile-Commerce Bank & Trust Company, St. Louis, in a letter accompanying the survey, says: "The Survey of Banker Opinion made at the beginning of the year 1950 reflected optimism regarding business conditions for the first half of the year. This general feeling of optimism was based upon a strong consumer demand for products of business and industry, coupled with the fact that business organizations were observing a sound policy of

Housing and GI Acts Digested in Mortgage Committee Pamphlet

Revision of its *Summary National Housing Act and Servicemen's Adjustment Act* has been made by the Committee on Real Estate Mortgages of the A.B.A.'s Savings and Mortgage Division. This new booklet analyzes the provisions of Titles I, II, VI, VII, and VIII of the housing act and Title III of the GI act.

This digest is intended as a ready reference and not as a substitute for a complete examination of the acts themselves.

Copies may be obtained at a nominal fee.

a cautious attitude toward overextending inventories and expanding industrial facilities."

The year's first survey, Mr. Cravens said, was widely distributed and well received.

Committees Named for Western Trust Conference This Fall

Frank H. Schmidt Is General Chairman

Committees for the 24th Annual Western Regional Trust Conference of the American Bankers Association, to be held at the Biltmore Hotel in Los Angeles, Oct. 18-20, have been named by John W. Remington, president of the A.B.A. Trust Division. Mr. Remington is vice-president and trust officer of the Lincoln Rochester Trust Company, Rochester, New York.

The Conference will bring together trustmen from Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Southern California Trust Officers Association and the Los Angeles Clearing House Association will be hosts for the Conference.

General Chairman

The general chairman for the Conference will be Frank H. Schmidt, president of the California Trust Company, Los Angeles. Members of the Conference committees follow. They are all California bankers.

Program: W. D. Baker, vice-president and trust officer, The Farmers and Merchants National Bank, Los Angeles, *Chairman*; Roger M. Bone, vice-president and trust officer, First Trust and Savings Bank, Pasadena; Don R. Cameron, vice-president, Union Bank and Trust Company, Los Angeles; Taylor F. Mullens, vice-president and manager, Security-First National Bank, Los Angeles; and Howard H. Rolapp, vice-president and trust officer, Metropolitan Trust Company of California, Los Angeles.

Entertainment: Eldridge H. Booth, Jr., vice-president and trust officer, Title Insurance and Trust Company, Los Angeles, *Chairman*; E. M. Kennedy, trust officer, Bank of America N.T. & S.A., Los Angeles; F. H. Kerns, trust officer, Union Bank and Trust Company, Los Angeles; H. O. Miller, assistant trust officer, Citizens National Trust & Savings Bank, Los Angeles;

National Banks Make \$270-million Transfer To Capital in 1949

A.B.A. Division Mails Annual Earnings Study

The 4,975 national banks of the United States put 57 percent of their 1949 earnings back into capital funds, according to a report mailed to all national banks by the National Bank Division of the American Bankers Association.

These additions to capital funds amount to over \$270-million, according to William B. Gladney, president of the division and president of the Fidelity National Bank, Baton Rouge, Louisiana.

While the report is substantially a review of the progress made by national banks in the postwar years, it adds a comparison with figures for the end of 1948. The transfer from earnings to capital raised the total capital funds of national banks to \$5.9-billion on December 31, 1949, according to Mr. Gladney, who called it "an additional cushion to assist national banks to carry the expanding volume of business attending a growing economy."

The report notes that while gross earnings increased, they were largely offset by rising expenses occasioned by larger bank staffs and higher salaries. The rise in earnings is attributed to "the larger volume of loan business and other services."

In addition to Mr. Gladney, officers of the A.B.A. National Bank Division are: L. C. Bucher, president, Lincoln National Bank, Cincinnati, Ohio, vice-president; Abbott H. Davis, president, New Haven Bank, N.B.A., New Haven, Connecticut, chairman of the executive committee; and Carroll A. Gunderman, deputy manager of the American Bankers Association, New York, secretary.

Benson L. Smith, vice-president, California Trust Company, Los Angeles; and N. F. Wheeler, assistant trust officer, The Farmers and Merchants National Bank, Los Angeles.

Finance: J. R. Johnson, vice-president and trust officer (CONTINUED ON PAGE 83)

Bank Public Relations Workshop Session

(CONTINUED FROM PAGE 80)

as the keynote speaker at the opening session, described the meeting as a "coming back to touch base and get a new start." The five elements in public relations, he said, are "selection and training of employees, community relations, press relations, advertising, and business development." He urged that banks and associations alike have some kind of a program and keep at it even if it is far from the best.

Willis B. Conner, Jr., vice-president of The Merchants National Bank of Indianapolis, presided at the first discussion session devoted to "The Inside Job." The afternoon session was devoted to "The Community Job," with Robert Lindquist, vice-president of the LaSalle National Bank, Chicago, presiding.

Frank M. Totton, vice-president of The Chase National Bank, New York, was the master of ceremonies at dinner that night and introduced a panel group which discussed "Preserving Chartered Banking."

On the second morning, William R. Kimball, president of the Central National Bank, Mattoon, Ill., discussed public relations programs for county bankers associations. On the same morning, a panel of state association executives was held, during

New Ads Feature Anticipated FDIC Coverage Increase

In anticipation that Congress will increase the Federal Deposit Insurance coverage from \$5,000 to \$10,000 on bank deposits, the Advertising Department of the American Bankers Association has prepared a series of four newspaper advertisements, a blotter, and a direct mail folder for use by banks in announcing the increase to their customers.

Orders for this material are being accumulated and shipments will be made, after making the necessary copy revisions, when and if the new FDIC legislation, is passed.

Four new direct mail folders featuring checking accounts, savings, banking by mail (slanted at the vacationer), and auto loans have also been released by the Department.

which each presented activities of his association.

The Workshop closed with a luncheon at noon presided over by J. Lewell Lafferty, vice-president of the Republic National Bank, Dallas, and chairman of the Public Relations Council.

This Workshop meeting was the first of its kind and was experimental in nature. It is anticipated that similar clinics will be held in other sections of the country.

A.B.A. Has 16,497 Members, Including 2,028 Branch Banks; 161 Outside of U.S.

On May 31, 1950, the membership of the American Bankers Association was 16,497, composed of 14,308 banks in the United States, 2,028 branches, and 161 banks in territories and foreign countries, according to T. J. O'Brien, chairman of the Association's Organization Committee.

Sixty-one banks in 21 states became members during April and May, said Mr. O'Brien. These new members are:

Alabama: Alexander City Bank.

Arkansas: Farmers State Bank, Lake City.*

Colorado: The Home State Bank, Loveland* and San Miguel Basin State Bank, Norwood.*

Georgia: West Georgia Bank of Tallapoosa* and Farmers & Merchants Bank, Washington.*

Illinois: Princeville State Bank.*

Iowa: Alden State Bank; Security State Bank, Allerton; State Bank of Allison; State Bank of Archer; Citizens Savings Bank, Avoca; Kalona Savings Bank; Kent State Savings Bank; Security State Bank, Lake Park; Lester State Bank; Libertyville Savings Bank; Citizens State Bank, Marathon; Moorhead State Bank; Mt. Auburn Savings Bank; Pilot Grove Savings Bank; Union

State Bank, Richland; Home State Bank, Royal; Schaller Savings Bank; White State Bank, South English; Exchange State Bank, Wesley; and Iowa State Bank, West Bend.

Kansas: Americus State Bank; Buhler State Bank; State Bank of Burden; Clements State Bank; Fall River State Bank; Falun State Bank; Home State Bank, La Crosse; Home State Bank, Little River; The Stark State Bank; and National Bank of Commerce, Wellington.

Maine: Bethel Savings Bank.

Md.: The Waldorf Bank.

Mich.: Hillman State Bank.

Missouri: American Trust Company, Hannibal, and Tri-County Trust Company, Glasgow.

Nebraska: First Security Bank, Holdrege.*

New Jersey: Hudson Trust Company, Summit Avenue Branch, Union City.*

New York: Binghamton Savings Bank, Binghamton; Dime Savings Bank of Brooklyn, Coney Island Branch, Brooklyn*; and Potsdam Bank & Trust Company, Potsdam.

Ohio: Community Savings Bank Co., Yorkville.

Pennsylvania: Armstrong County Trust Company, Kittanning, and Norristown.

(SEE NEXT COLUMN)

Savings Committee Studies Operating Transaction Costs

Ernest L. Pearce, president of the Union National Bank of Marquette, Michigan, and chairman of the Savings and Mortgage Development Committee of the A.B.A.'s Savings and Mortgage Division, presided at the meeting of the committee in New York last month.

Topics discussed included: Plan for determining profit and loss on savings accounts in both savings and commercial banks; procedure for determining transaction costs; study of transactions per teller; direct verification of accounts; savings club plan of Franklin Savings Bank of Boston; no pass-book system; study of reserves; bank by mail procedures; and rules and regulations of savings departments.

Meeting of Savings Management and Operations Committee in New York. Left to right, seated, Carl S. Page, Boston; Hilda M. Hoffman, New York; Ernest L. Pearce, Marquette, Michigan, chairman; J. R. Dunkerley, secretary, Savings and Mortgage Division; and John I. Millet, Troy, New York; Rowland R. McElvare, New York, president, Savings Division; standing, R. F. Marchant, New York; Gustave Bottner, Jr., New York; John O. Chappell, Jr., Cincinnati; George H. Gustafson, Savings Division; Thomas L. Nims, assistant secretary, Savings Division. Also present, Harold E. Randall, Boston



MARY LEACH

BANKING

Ask Early Filing of Suggested Changes in Commercial Code

Because of the number of suggested changes in and the requests for additional time to study the Uniform Commercial Code, it was decided at the joint session of the American Law Institute and National Conference of Commissioners on Uniform State Laws, to recommit the code to an editorial board.

Framers of the code hope to have it in final form early in 1951 and urge that all interested groups send in their suggested changes at the earliest possible date.

A.B.A. Membership

(CONTINUED FROM PAGE 82)

Penn Trust Company, West End Branch, Norristown.

South Carolina: Bank of Berkeley, Moncks Corner*; Anderson Bros. Bankers, Mullins; Farmers Bank, Loris; and Bank of Westminster.

South Dakota: Bank of Wessington.

Texas: Reagan State Bank of Houston, Houston*; Farmers & Merchants Bank, Priddy; Walburg State Bank, Walburg; and First State Bank, Van.*

Washington: National Bank of Commerce, First South Stacy Branch, Seattle.*

West Virginia: Tyler County Bank, Middlebourne.

*Newly organized institutions.

Diamond Convention Delegates Queried

(CONTINUED FROM PAGE 80)

cess, Long Island. A fourth will be a motor tour of Manhattan Island. There will also be offered a tour of New York airports. A trip to the race meet at Belmont Park, with luncheon at the park clubhouse, is also on the agenda. In addition, seats at afternoon ball games between the Yankees and Senators at Yankee Stadium and the Dodgers and Giants at Ebbets Field will be available.

Tuesday is to close with a ball at The Waldorf-Astoria that night.

On Wednesday afternoon, the New York harbor trip, the United Nations tour, and the Manhattan tour will be repeated.

Other tentative plans include attendance at Radio City Music Hall, telecasts and radio broadcasts, the American Museum of Natural History, the Metropolitan Museum of Art, the Hayden Planetarium, the Empire State Building, Rockefeller Center, and possibly a visit to inspect a trans-Atlantic liner.

The questionnaire was sent to the banks with a letter signed by William T. Taylor, chairman of the entertainment committee, who is vice-chairman of the board of The Commercial National Bank and Trust Company of New York.

Committees Named for Trust Conference

(CONTINUED FROM PAGE 81)

cer, Bank of America, Los Angeles, *Chairman*; R. C. Lemmon, vice-president and assistant trust officer, The Farmers and Merchants National Bank, Los Angeles; L. S. Mortenson, vice-president and trust officer, First National Bank in Santa Ana, Santa Ana; Samuel S. Rolph, vice-president, California Trust Company, Los Angeles; and T. B. Williams, vice-president and trust officer, Security-First National Bank, Los Angeles.

Hotel and Registration: Norman E. Mudge, vice-president and trust officer, Citizens National Trust & Savings Bank, Los Angeles, *Chairman*; G. J. Brooks, senior vice-president, Beverly Hills National Bank & Trust Company, Beverly Hills; Charles F. Kassebaum, trust officer, First Trust and Savings Bank, Pasadena; Varian S. Green, assistant trust officer, Security-First National Bank, Los Angeles; and Douglas F. Scott, trust officer, Bank of America, Los Angeles.

Publicity: Frank Humphrey, vice-president, Security-First National Bank, Los Angeles, *Chairman*; F. Miles Flint, assistant trust officer, Citizens National Trust & Savings Bank, Los Angeles; W. D. Gallagher, trust officer, Bank of America, Los Angeles; J. W. Lühring, assis-

Recent Mailings

CUSTOMER AND PERSONNEL RELATIONS: Booklet *Testing Applicants for Bank Clerical Positions* with covering letter, to participants of the nine A.B.A. Testing Seminars. Same mailing to other banks interested in the program but which were not able to participate. Letter also to state secretaries giving information on the program and enclosing a reprint of the article in April BANKING: "Testing the Tests for Bank Personnel," by William Powers.

SAVINGS: Questionnaire on school savings activities and statistics. To banks with school savings departments.

TRUST: Letter and questionnaire on trust department personnel. To Trust Division members and state secretaries.

VETERANS LOANS: Memorandum containing Veterans Administration's schedule to be followed in terminating Section 505 (a) (combination FHA-VA) loan program as directed by the Housing Act of 1950. To state secretaries.

tant vice-president, Union Bank and Trust Company, Los Angeles; and E. S. Oliver, vice-president and trust officer, Union National Bank of Pasadena, Pasadena.

CALENDAR

American Bankers Association

- Sept. 24-27 Diamond Anniversary Convention, New York, N. Y.
- Oct. 18-20 24th Western Regional Trust Conference, Los Angeles Biltmore, Los Angeles, Calif.
- Nov. 9-10 19th Mid-Continent Trust Conference, Statler Hotel, St. Louis, Mo.

State Associations

- July 6-7 Central States Conference, Colorado Springs, Broadmoor Hotel
- July 9-14 Carolina Banking Conference, University of North Carolina, Chapel Hill
- Aug. 10-12 West Virginia, The Greenbrier, White Sulphur Springs
- Aug. 21-Sept 1 Pacific Coast Banking School, University of Washington, Seattle
- Aug. 21-Sept 2 School of Banking of the University of Wisconsin, sponsored by the Central States Conference, University of Wisconsin, Madison
- Sept. 13-16 Massachusetts Savings Banks, Hotel Wentworth-by-the-Sea, Portsmouth, N. H.

- Oct. 4-6 New York Savings Banks, Lake Placid Club, Lake Placid
- Oct. 9-11 West Virginia Bankers Association, Jackson's Mill, West Virginia
- Oct. 11-12 Nebraska, Paxton Hotel, Omaha
- Oct. 15-17 Kentucky, Brown Hotel, Louisville
- Oct. 16-17 Connecticut Savings Banks, Mountain View House, Whitefield, N. H.
- Oct. 22-25 Iowa, Des Moines
- Nov. 9-11 Arizona, Arizona Biltmore Hotel, Phoenix

Other Organizations

- Sept. 17-22 Financial Public Relations Association, Hotel Statler, Boston, Mass.
- Sept. 21-24 Association of Bank Women, Annual Convention, Hotel Biltmore, New York
- Sept. 27-29 Mortgage Bankers Association of America, Annual Convention, Statler and Book-Cadillac Hotels, Detroit, Michigan
- Oct. 22-25 Consumer Bankers Association, Westchester Country Club, Rye, New York
- Oct. 23-26 National Association of Bank Auditors and Comptrollers, Annual Convention, Kansas City, Missouri
- Nov. 5-8 Robert Morris Associates, The Greenbrier, White Sulphur Springs, West Va.



An appreciative audience at the Sunday evening commemorative session

PHOTOS BY BYAN

The A.I.B. Begins Its Next 50 Years

Pages and pages could be written about the program offered at the Golden Anniversary Convention of the American Institute of Banking, but time and space being what they are, we shall report only some of the highlights.

WHILE pausing to honor the founders and their followers who have made the Institute the world's leading adult educational organization, the convention and conference addresses at the Golden Anniversary Convention of the American Institute of Banking in Minneapolis last month emphasized the expansion and modernizing of the educational curriculum to meet the mid-20th Century needs of the banks.

In this connection, one of the most significant developments of the convention was the gift of \$100,000 to the Institute by the American Bankers Association for use in advancing its educational work. Executive Manager Harold Stonier tendered the gift to President Hartwell F. Taylor.

President Taylor, who is assistant vice-president of the Bank of Virginia, Richmond, added to the tempo of delegate interest by announcing that the A.I.B. will, in the near future, introduce three new courses, for which text books are now being written. These courses are (1) Business English and Letter Writing; (2) management supervision; and (3) orientation and indoctrination

for new, untrained bank employees.

"Our obligation is to develop and offer a program of education so broad and so effective," said president Taylor, "that our banking system will continue to occupy a position of leadership in our economic life."

Convention Speakers

Other speakers at the first general session formally launching the business phase of the convention program included: Clarence R. Chaney, chairman of the Minneapolis Convention Committee; F. Raymond Peterson, president of the A.B.A.; and Secretary of the Treasury John W. Snyder. Mr. Chaney welcomed the delegates to Minneapolis; Mr. Peterson extended the greetings of the A.B.A.; and Secretary Snyder spoke on "Modern Banking."

"The techniques of banking," said President Peterson, "which you have learned through the A.I.B. and the understanding of money, credit, and finance you have gained are of

course important. But equally important is this fact: It is not just our mastery of these tools and techniques, or our understanding of the abstractions of banking and the nation's economic life that count. In the last analysis, the future of chartered banking and the success in your own relationship with it depend heavily upon our success in our relations with the public."

Secretary Snyder warmly praised the Institute and the nation's banks for their contribution to the great industrial development of the United States in the past 50 years.

"The problems which face our nation today," said the Secretary, "make it imperative that we maintain this strength."

"As members of the American Institute of Banking, you have a particular responsibility for approaching the day-to-day problems of banking operations in the light of their relations to the broader issues of our national well-being."

National Educational Director Leroy Lewis expanded on the new courses to be offered.

The orientation text will be organized under the following chapter titles: (1) "Introducing You to Banking"; (2) "Services That Banks Render"; (3) "Savings Accounts"; (4) "Loans"; (5) "Trust Services"; (6) "Other Services"; (7) "The American Banking System"; (8) "The Individual Bank"; (9) "Income and Expenses"; (10) "Cooperation Between Banks"; (11)

Speaker Kent



"Your Importance to Banking"; and (12) "The Future of the Banking Business."

Mr. Lewis announced that the text book for the orientation course is being outlined by a special committee composed of Thaddeus C. Cox, assistant vice-president, Central Hanover Bank and Trust Co., New York, *chairman*; George D. Bushnell, vice-president, American National Bank and Trust Co., Chicago; Chester C. Lincoln, vice-president, Security-First National Bank, Los Angeles; and Percy B. Menagh, executive secretary, Savings Banks Association of New Jersey.

In his later address before the educational Conference, Mr. Lewis enumerated 10 principles around which the Institute might strengthen and broaden its educational program as it looks forward to a second 50 years:

- (1) A high appreciation of its primary obligation to educate men and women for career positions in banking.
- (2) Recognition of its obligation to orient and indoctrinate new personnel in an understanding of individual banks and in their role in an enterprise economy.
- (3) Careful evaluation of the responsibilities of the national organization, the local chapter, and the individual bank.
- (4) Giving proper balance to the historical significance of banking and its role in modern life.
- (5) Development of the Institute's graduate program to serve more effectively the needs of more mature men and women in banking.
- (6) The expansion and improvement of its program with an open mind and a willingness to accept new ideas.
- (7) Encouragement of a strong program in the field of human relations.

A.B.A. President Peterson addressing the convention. Seated, left to right, Messrs. Taylor, (Floyd W.) Larson (national secretary), (Robert C.) Rutherford (associate secretary), and Lewis. Miss Turner is at Mr. Larson's left in rear



In a few moments the convention will be called to order; meantime, officers and speakers pause and pose for the photographer. Left to right, Messrs. Ewart, Snyder, Taylor, Stonier, Peterson, and Chaney

(8) Encouragement of development of stronger leadership at the local level.

(9) Stimulation of indoctrination of citizens in the intricate values of American institutions.

(10) National officer encouragement of constructive criticism from chapter leaders, faculty members, and students to the end that the 60th, 75th, and 100th anniversaries will further justify the efforts of leaders who gave the Institute birth.

Commemorative Program

The convention was officially launched on Sunday evening, June 11, with a special commemorative program, during which 78 former Institute officers and councilmen were presented with rings signifying their service and with gold life membership cards.

Fred I. Kent, the Institute's first national president, made the principal address. His topic was, "The Institute, an American Institution."

Another feature of this session was a "Dramatic Panorama of Institute History," the script for which was prepared by George Clark, Farmers and Merchants National Bank, Los Angeles. Members of Southern California and Minneapolis chapters appeared in the cast. Frank M. Totton, vice-president, The Chase

National Bank, narrated the dramatization.

The first complete history of the American Institute of Banking, "Fifty Years of Banking Education," by Marion Turner, assistant to educational director and textbook editor of the Institute, has just been completed and was on display.

This history tells in an intensely interesting manner the story of the Institute from the date of its inception, through the trials and tribulations of its organization, to the developments of the present day.

Speaking and Debate Contests

Two of the most hotly contested events of the convention were the National Public Speaking Contest for the A. P. Giannini Educational Endowment awards on Monday afternoon and the National Debate Contest for the Jesse H. Jones National Convention Debate prizes on Wednesday evening.

"Our American Enterprise System" was the general theme of the public speaking contest and the subtopic for the final contest, "The Responsibilities of the Citizens in Our Enterprise Economy."

Winners in the speaking contest were: *First prize*, Gayle L. Gupton, Third National Bank, Nashville; *second prize*, John McNerney, The United States National Bank, Portland, Oregon; *third prize*, Homer E. Jacobus, Bank of America N.T. & S.A., Long Beach, California; and *fourth prize*, Mildred F. Wilson, Security National Bank, Kansas City.

Los Angeles Chapter's debate team was matched against the Chicago Chapter team and won the debate for the second consecutive year. Since Los Angeles won the 1934 debate, this year's feat gave the chapter permanent possession of the debate trophy cup.





BERG

Members of the Los Angeles team were: Jay Johnson, Citizens National Trust and Savings Bank; Gordon W. McGinley, Farmers and Merchants National Bank, and John A. Minehan, Bank of America, alternate.

The Chicago team was composed of Walter Stiff, Mercantile National Bank of Chicago; Harvey Untiedt, Harris Trust and Savings Bank; and Frederick L. Wright, Continental Illinois National Bank and Trust Co., alternate.

The Los Angeles team upheld the negative side of the question: "Resolved That the Federal Government Should Enact a Uniform Fair Trade Practices Act."

Ellis H. Boyd, Jr., First National Bank of Fort Worth, presided as chairman of the Debate Committee.

Publicity Exhibit

Keen interest was shown in a number of chapter publicity displays entered in the National Publicity Exhibit, which set a standard of excellence seldom if ever achieved.

Boston, Scranton, and Atlantic City chapters won the first prize awards in their respective divisions. Billie Jean Kincheloe, The Liberty National Bank & Trust Co., Oklahoma City, supervised the display as chairman of the Publicity Committee.

New National Officers

J. Kaye Ewart, vice-president, National Bank of Washington, Tacoma, and the Institute's vice-president during the past year, was elected president at the concluding session of the convention and was formally inducted into office by the retiring president, Hartwell F. Taylor.

Alton P. Barr, vice-president, Security Commercial Bank, Birmingham, Alabama, was elected vice-president. The only other candidate for this office was Edward J. Damsstra, assistant vice-president, Chicago City Bank and Trust Company, Chicago.

To the Executive Council of the Institute, composed of 12 elected and three ex-officio members (president, vice-president, and immediate past president of the Institute), were elected four new members: Maurice Allendoerfer, Federal Reserve Bank, Kansas City; Edward H. Fowler, The First National Bank and Trust Co., New Haven; Paul E. Jones, assistant trust officer, The Indiana Trust Company, Indianapolis; and Bernard J. Lunt, The Fort Worth National Bank, Fort Worth.

Committee Chairman

President Ewart appointed the following national committee chairmen:

DEBATE: B. R. Resch, The Anglo California National Bank, San Francisco.

FORUM AND SEMINAR: Kenneth S. Patton, National Bank of Detroit.

MEMBERSHIP AND ENROLMENT: John H. Duerk, The Howard Savings Institution, Newark.

PUBLICITY: John H. Howard, Jr., Federal Reserve Bank, Boston.

PUBLIC RELATIONS: D. W. Henney, Security-First National Bank, Los Angeles.

PUBLIC SPEAKING: William H. Smith, The Riggs National Bank, Washington.

WOMEN'S: Dorothy M. Slater, First Trust Company of Saint Paul. The invitation of Pittsburgh Chapter to hold the 49th annual convention of the A.I.B. in the Steel City was accepted.

The Perfect Host

Minneapolis Chapter was the perfect host in every sense of the word. Arrangements for convention sessions, conferences, and social events operated with clocklike precision under the general direction of General Chairman Chaney.

The entertainment was superb; the food met the test of the most fastidious gormets; the feeding of 1,600 delegates at two group functions was carried on without a hitch. The committee provided baby sitters for the doting parents; dry ice and crating for the irrepressible Wal-tonian delegates; a dentist to soothe a Sunday morning toothache; and an Indian headdress for the capricious stunt master.

Every need—and every whim—of the 1,600 delegates was met without a qualm.

If there was anyone present at this convention who didn't enjoy himself, he brought his bad time with him.

MARY B. LEACH

New Councilmen Fowler, Lunt, Jones, and Allendoerfer, left; Public speakers Wilson, Jacobus, McGinnis (chairman), McNerney, and Gup-ton, center; debaters, Boyd (chairman), McGinley, Johnson, and Minchan, right

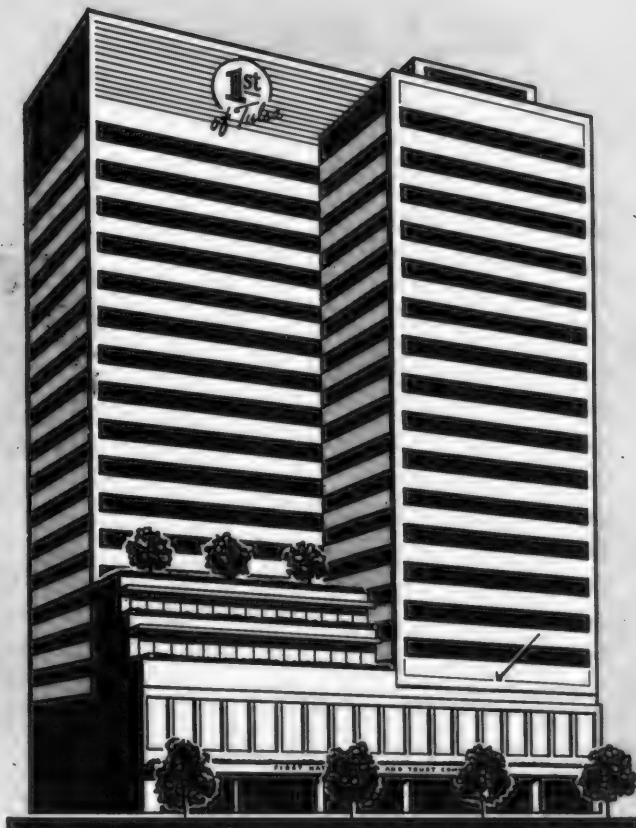


PHOTOS BY RYAN
BANKING

The Bank of Today in the Building of Tomorrow

Just as the famous First of Tulsa service is something special, our new home to be dedicated this month is something special. Its complete freedom and simplicity of style characterizes the Southwest's policy of "Building for Tomorrow".

Our "New Home Dedication" ceremonies will be held on our Emerald Anniversary, July 29. This dedication ceremony will find the bank of today dedicated to the building of tomorrow. Building for Tulsa for the Southwest...and for our clients.



Fifth Street at Boston Avenue

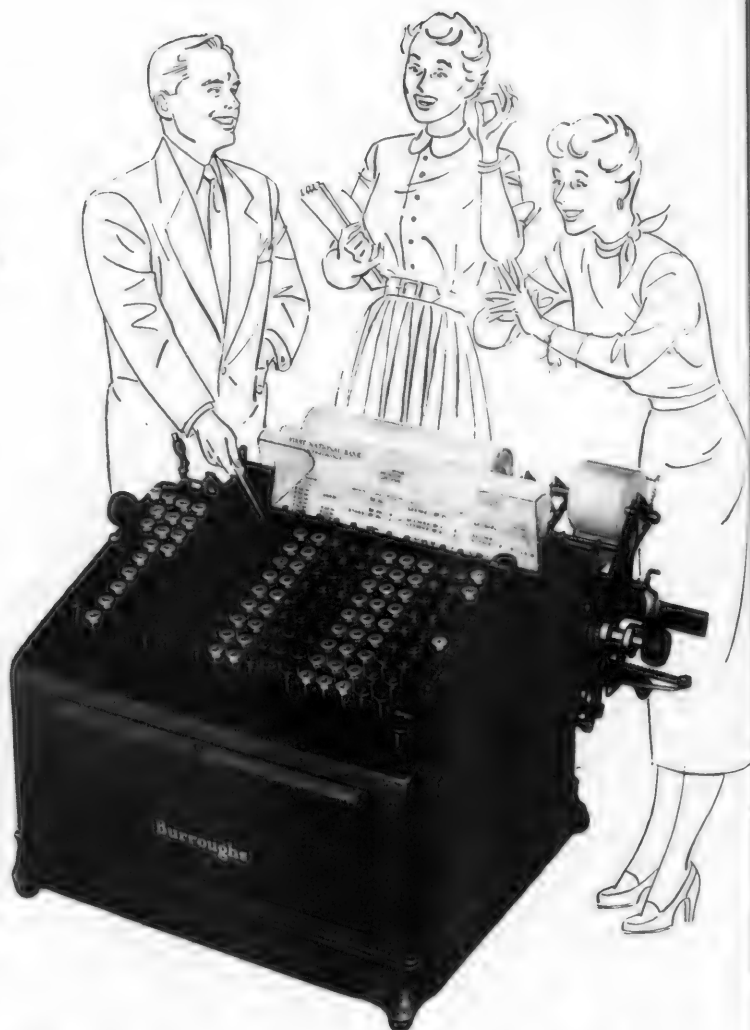
THE FIRST NATIONAL BANK
AND TRUST COMPANY OF TULSA



Emerald Anniversary
1895 - 1950

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

It does
more work and
more kinds
of work!



the New

BURROUGHS BANK

The Burroughs Bank Bookkeeping Machine's accuracy, ease of operation and high-speed performance all help the operator to get more and better work done . . . give her hours of "new-found" time to do other jobs. And it can do more *kinds* of work because it not only posts, but list posts during the posting run, and handles all related adding machine listing.

The Burroughs Bank Bookkeeping Machine offers you the best in modern banking efficiency today—and adaptability to tomorrow's banking changes. Call your local Burroughs man today for a demonstration. You can't appreciate just how good this new Burroughs is until you see it in operation.



IT'S FAST!

Every feature of this machine was planned to increase production. Form alignment is positive and visible. Form handling is fast. A 33 per cent lighter key touch speeds indexing and posting.

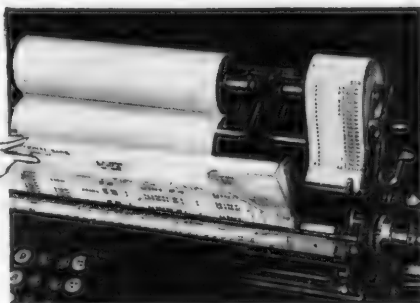


IT'S SIMPLE!

With the simplified motor bar construction, one major function is assigned to each motor bar. It selects the proper posting column; all new positive balances print automatically. And the shift of a lever changes the machine from ledger to statement or balance transfer.

IT'S FLEXIBLE!

The Burroughs dual platen feature permits list posting during the posting run . . . lets the machine be used for listing trial balances and other miscellaneous adding jobs without disturbing any bookkeeping functions. It gives you the economical advantage of two business machines in one.



K BOOKKEEPING MACHINE



WHEREVER THERE'S BUSINESS THERE'S

Burroughs



Methods and Ideas

(CONTINUED FROM PAGE 43)

other sequence which discusses "Why I'm Proud to Be an American." The author is Vice-president Herbert S. Woodward, who also wrote last year's effective copy.

Each ad in the new series gives a reason for being proud of America, and then elaborates on it in not more than 100 words of hard-hitting copy. Among the reasons are "We Admit Our Mistakes," "We Think for Ourselves," "We Live and Let Live," "We Cheer for the Under Dog," "Everybody Is Equal."

A Public Message

There's a high degree of reader interest, also, in the public message type of occasional advertising.

THE FIRST NATIONAL BANK OF GETTYSBURG, Pennsylvania, which began business several years before the Battle and the Address, used its 93rd anniversary as the occasion for a full-page message, spoken "from hallowed ground."

"Today," it said, "the world is a battleground of conflicting philosophies. Mankind is caught in the agony of a universal Gettysburg. Whether from this struggle greater good shall come, as it did for us, no man can say.

"Enemies of the American free enterprise system . . . tell us that wealth may now be shared without being earned; that something may be had for nothing. The hog may no longer root or die; it may rest at ease in its wallow. In the vineyard the loiterer is entitled to as much as the laborer. . . .

"This is a time for 'Taking sides.' The call has come for each one of us to stand up and be counted. So far as The First National Bank of Gettysburg is concerned, we rise up in our place on Lincoln Square . . . and we say NO to all this nonsense. . . ."

The ad was illustrated with page-depth drawing of Lincoln, and was headed with the concluding phrase of the Gettysburg Address.

Bank of America Awards

BANK OF AMERICA presented 20 Los Angeles high school seniors with awards totalling \$7,400 for scholarship, leadership, and citizenship.

At Achievement Day ceremonies

NO. 12 OF A SERIES ON "WHY I'M PROUD OF AMERICA" BY HERB WOODWARD, V.P.

I'm Proud of America because

We Admit Our Mistakes

WE TRIED TO MAKE A FRIEND OF RUSSIA BY GIVING HER ABOUT ANYTHING SHE ASKED. IT DIDN'T WORK. SO WE GOT TOUGH. THAT WORKED BETTER. . . . SHE QUIT HER BERLIN BLOCKADE. WE'LL SWITCH BACK TO FRIENDSHIP AGAIN. . . . IF SHE QUILTS BEING TOUGH.

THE SAME GOES FOR OUR GOVERNMENT GOING INTO BUSINESS. WE'VE FOUND IT DOESN'T WORK. THE BUREAUCRATS RUN AT A LOSS. . . . BOOST TAXES TO PAY EXPENSES. . . . THEN DOCTOR THEIR BOOKS TO SHOW A PROFIT.

SO WE'RE SWITCHING BACK TO PRIVATE ENTERPRISE. IT EARNS A PROFIT. . . . AFTER PAYING TAXES. . . . OR ELSE.

COLUMBIA HEIGHTS STATE BANK

COLUMBIA HEIGHTS, MINN.

Independent and owned right here in Columbia Heights. Bank at Home and build your country.

in the school board auditorium, Executive Vice-president Walter Braunschweiger gave awards of \$1,000, \$500, and \$250 for first, second and third places in each of four classifications: vocational arts, fine arts, liberal arts, and science and mathematics. Honorable mention awards of \$50 each were given to eight other young people.

In the preliminary phases of the program, more than 600 trophies and certificates were won by students in the city's high schools and in the five district school zones.

C. M. Montgomery, associate superintendent of schools, said the bank's award project had "greatly encouraged students in their aca-

demic, vocational and citizenship training," and that it was "a motivating incentive for every student in the Los Angeles city school system."

Chase Seeks Small Accounts

THE CHASE NATIONAL BANK of New York is publishing a series of 1,000-line ads designed to attract small business and personal accounts.

The advertisements, scheduled to run during the remainder of 1950, are based on letters received by the bank from customers who have been pleased with Chase's service in connection with their compound interest, checking and consumer credit accounts.

Each ad displays a facsimile of a letter, with a picture of the customer who wrote it. The remainder of the copy is a brief comment expressing the bank's interest in small accounts.

In Brief

OREGON MUTUAL SAVINGS BANK of Portland conducted a statewide essay contest for high school seniors on the subject, "Why Mutual Savings Banks Are Called 'Banks of the People.'" The winner, Joanne Green of Gervais, received a \$500 scholarship at an accredited college or university in Oregon.

SECURITY-FIRST NATIONAL BANK of Los Angeles has a new pocket- (CONTINUED ON PAGE 92)

An eighth grade arithmetic class at Price, Utah, visits the Carbon Emery Bank which offered cash prizes for the best essays on the tour, made by nearly 150 pupils. Tellers demonstrated several operations, including the opening of checking and savings accounts. After all departments of the bank had been inspected the children were served refreshments and had a chance to ask questions. Assistant Cashier Earl F. Hills reports that this junior public relations program was most successful





The financial arrangements for these houses are very realistic!

We think the houses you see here will interest you very much from a financial viewpoint.

In each of these houses there's a complete, built-in General Electric Kitchen-Laundry. Each kitchen-laundry was sold as part of the house.

And, the kitchen-laundry was financed together with the house under the "Packaged Mortgage" plan.

It's an ideal solution

Under the "Packaged Mortgage" plan, the home buyers add just a few dollars extra each month—usually about \$4.80—to their regular home mortgage.

For the banker, for the homeowner, this is an ideal and realistic solution to a financing problem.

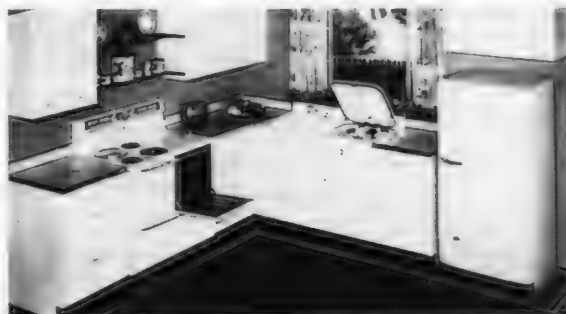
The homeowner is not burdened with short-term payments on kitchen appliances. He need not assume obligations that may interfere with his regular mortgage payments. He becomes a more satisfied and willing mortgagor.

The banker's interests are protected, too, because

the house is truly up-to-date . . . one that the homeowner is proud to maintain.

Are you including the General Electric Kitchen-Laundry under the "Packaged Mortgage" plan? *We sincerely believe it is to your advantage to do so!*

Home Bureau, General Electric Company, Bridgeport 2, Connecticut.



The economical operation and long life of G-E appliances may offset the slight increase in monthly payments.

You can put your confidence in—

GENERAL  ELECTRIC

Take this opportunity to increase your Blanket Bond at reduced cost!

Rates are now lower because —

- specific charge for misplacement protection is now eliminated
- premium for Securities Insuring Clause E is now based on amount of loans and discounts (instead of number of employees and locations).

But, today's embezzler is *not* reducing his take—*often more than the bond!*
No bank can afford to be without blanket bond protection in amounts proportionate to its operations.

You can apply your premium savings toward increasing your present bond and adding Clause E. Call our nearest agent or your own broker today—he'll have one of our Bank Protection Specialists re-survey your bonding needs.

AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

100 Broadway, New York 5, N. Y.

"DEPENDABLE AS AMERICA"



(CONTINUED FROM PAGE 90)

size will receipt. The small, simplified form can be carried conveniently in wallet or purse, serving as an identification as well as establishing the fact that a will has been made and filed with the bank. The form is prepared with a carbon insert, so the bank has an exact copy of each receipt issued.

A women's finance forum will be sponsored next fall by the trust department of THE UNION AND NEW HAVEN TRUST COMPANY, New Haven, Connecticut. The bank is polling its customers and the public for the purpose of compiling a preference on 10 possible subjects for discussion.

FIRST NATIONAL BANK of New Rochelle, New York, drew crowds with a spring garden show. Offered for the benefit of suburban gardeners, the show gave merchants a chance to display their goods. Features included a center aisle of the lobby lined with beach umbrellas and tables, an office converted into a real garden, and a running fountain. Garden tools were also shown.

COLONIAL TRUST COMPANY of New York City devoted its 13 windows at the corner of Avenue of the Americas and West 48th Street to an exhibit of world trade, arranged by the National Council of American Importers, Inc.

FARMERS & MECHANICS SAVINGS BANK of Minneapolis publishes an interesting booklet, "How to Finance a Home." It presents nine steps that will help home owners get the right house at low cost—"some of the fundamentals of making a mortgage home loan in advance and how to obtain the best possible financing."

STATE-PLANTERS BANK AND TRUST COMPANY of Richmond got excellent results from a letter mailed to people in the territory of its newest West Richmond office, opened about a year ago. The letter was a message from "your neighbor—and what's more, your partner in the development and growth of West Richmond's bright business and residential area." Some of the bank's services were mentioned, and a map showing uncongested routes to the office was enclosed.

"So the bank
gives us checks on
Hammermill
Safety now?
Good! That's a
name I've known
for years!"



GIVE YOUR CHECKS THE ADDED ADVANTAGE OF

"the best known name in paper"

● Often it is with a pleasant start of recognition that your customers notice the Hammermill Safety surface identification on their checks. Many of them already use Hammermill papers in their business for letterheads and essential forms.

The Hammermill name itself promises dependable, reliable service to them... because Hammermill papers have earned and long maintained their position of leadership.

Thus, checks on Hammermill Safety provide an added advantage no other paper can give you. They are a reminder that, even in the matter of choosing check paper, sound judgment guides your bank management.

We'd like you to know this fine paper better. Examine it in your own office, at no expense... just send the coupon below for a sample book of Hammermill Safety in various colors and three background patterns.



For the name of a member of the Hammermill Guild of Printers ready and willing to supply your printing needs on Hammermill Papers, call Western Union by number and ask for "Operator 25."



**HAMMERMILL
SAFETY**

Hammermill Paper Company
Safety Paper Division
1501 East Lake Road, Erie, Pennsylvania

Please send me — FREE — a sample book showing
HAMMERMILL SAFETY.

Name _____ Position _____
(Please attach to, or write on, your bank letterhead) 8-JULY

MANUFACTURED BY HAMMERMILL PAPER COMPANY, ERIE, PA. FOUNDED 1898

News for Country Bankers

(CONTINUED FROM PAGE 61)

servation committee and president of the First National Bank, Austin, presented the awards.

Annual 4-H Roundup

THE Root River State Bank of Chatfield, Minnesota, staunchly supports the thesis that its best advertising arises from encouraging and assisting farm youth. It not only makes friends for the future of the 4-H members, but it builds goodwill with their parents.

For a number of years this bank has purchased beef calves at two local county fairs. While this has encouraged the youthful farmers who have baby beef projects, the bank found it desirable to make friends with all 4-H members in the community and their parents. This it did by organizing what it calls "The Annual 4-H Roundup."

The two county agents and their youth organizers plan the roundup programs. At the roundups, 4-H members, their leaders, and parents meet in the school auditorium. Colored pictures—made by the county agents during the summer—are shown of prize calves, pigs, sheep, canning, and sewing projects.

Demonstrations, playlets, music, and an appearance by the State Health Queen, were featured at the last roundup. Before and after a luncheon given by the bank, "get acquainted" games were played. Bank officers and employees were hosts.

The bank reports that "the fun and benefit derived from these gatherings are the best customer relations contacts one can have in a

farming community, and, therefore, the best advertising."

Display Features Tobacco

THE story of the shade tobacco industry in the Connecticut Valley was effectively told through a picture display in The Hartford-Connecticut Trust Company's main office lobby. The picture saga depicted the planting, growing, harvesting, and processing of the tobacco crop up to the marketing stage.

The exhibit also had in it sample hands of tobacco; boxes of popular brands of cigars made from the shade tobacco leaf; and an illustrated folder telling *The Story of Tobacco Valley*. The display was installed by the farm service department of the bank.

"This exhibit attracted an unusual amount of attention and received many interesting and favorable comments on its educational value," reports Vice-president A. C. Holland.

Praise for Bankers

"THIS Bank Pushed Livestock" is the title of an article by William D. Poe in the April issue of *The Progressive Farmer*. Mr. Poe tells how two men—E. E. Jones, president of the American Bank & Trust Company, Suffolk, Virginia, and L. E. Pettyjohn, then a vocational agricultural teacher at Whaleyville, 10 miles out of Suffolk—were concerned over the fact that peanuts and cotton were the principal crops of the Tidewater area of Virginia (the Peanut Capital of the World). They both felt strongly that livestock was necessary to a sound agricultural economy.

Then, in 1941, Mr. Jones decided to act. He called Mr. Pettyjohn and



Tobacco exhibit in the main office lobby of The Hartford-Connecticut Trust Co.

told him that the American Bank & Trust Company was considering organizing an agricultural and livestock department and asked him if he would help to do the job. Jones and Pettyjohn made a week's trip to Clarksville, Tennessee, to study the "Four Pillars of Income" program of the First National Bank, headed by C. W. Bailey.

The bank's first objective was to get farmers to *want* livestock. The Poe narrative relates that Mr. Pettyjohn bought a small farm outside of town, which was turned into a "model" farm. He started writing regular articles for the *Suffolk News-Herald*, made weekly talks over WLPM, local radio station, and spoke to farmers' clubs and civic clubs as often as possible.

In the nine years since the founding of the agricultural and livestock department, the bank has lent \$1,500,000 to farmers in this area and it has brought in 3,669 head of livestock valued at \$224,503.

Appraisal Reporting

THE American Institute of Real Estate Appraisers has recently published *Appraisal Reporting Techniques*, in two volumes, and has announced that two new appraisal courses will be offered this summer at three universities. The schedule of the courses is as follows:

	Real Estate Appraisal I	Real Estate Appraisal II
Northwestern	June 19-	July 3-
Chicago	July 1	July 15
Harvard	July 17-	July 31-
Cambridge	July 29	Aug. 12
Southern Calif.	Aug. 14-	Aug. 28-
Los Angeles	Aug. 26	Sept. 9



G. A. Haven, president, Root River State Bank, Chatfield, Minnesota, left, on an inspection trip of 4-H projects with leaders of 4-H Club

"Over 30% increase in selling ability
...when we introduced **AUDOGRAPH!**"

says **AMERICAN AIRLINES**

Regional Sales, Boston, Massachusetts



● "Quite apart from its efficiency as a dictating machine, **AUDOGRAPH** in sales training has improved the selling ability of our agents by over 30%," says Mr. George Curtis, Reservations Chief for American Airlines at Boston, Massachusetts.



● The friendly, accommodating "Voice With the Sell," which air travelers out of Boston associate with American Airlines' reservation agents, starts with a unique system of sales training . . . and the **AUDOGRAPH** Electronic Soundwriter.

Doubling in brass, as both a dictation and a training instrument for American Airlines, the **AUDOGRAPH** handles routine office correspondence quickly, conveniently, and economically . . . and develops effective selling technique to cope with the flood of calls

which pour into "Reservations" by phone twenty-four hours a day.

Your business—no matter what type, or size—can immediately increase office and personal output with the efficient system of business communications which **AUDOGRAPH** makes possible. Write *today* for the full facts or, better still, just mail the coupon.

Made by The Gray Manufacturing Company—established in 1891—originators of the Telephone Pay Station.

Gray
AUDOGRAPH

ELECTRONIC
SOUNDWRITER

AUDOGRAPH sales and service in 180 principal cities of the U. S. See your Classified Telephone Directory—under "Dictating Machines". Canada: Northern Electric Company, Ltd., sole authorized agents for the Dominion. Overseas: Westrex Corporation (export affiliate of Western Electric Company) in 53 foreign countries.

- THE GRAY MANUFACTURING COMPANY, HARTFORD 1, CONNECTICUT
- Send me Booklet U-7—"Now We Really Get Things Done!"
- Name
- Title..... Firm.....
- Street..... City.....



**Safeguard
life as well
as funds**

...

**Install a
YALE**

**Emergency
Vault Ventilator**



Don't risk suffocation, when a YALE Emergency Ventilator can be so easily installed.

A turn of the handle forces in a continuous stream of fresh air—120 cu. ft. per minute. It provides light inside the vault, dispelling fear and aiding the work of releasing the locking mechanism. It serves as a speaking tube for clear communication with those outside.

The YALE Ventilator is quickly installed in *any* wall—of *any* thickness—in vaults of new or old construction. It does not impair the strength of the wall—successfully resists burglary, and does not affect the burglary insurance rate.

Write for complete details on how you may have a YALE Ventilator installed.



**THE YALE & TOWNE
MANUFACTURING CO.
STAMFORD, CONN.**

Low Interest May Be Costly

(CONTINUED FROM PAGE 50)

"But, by and large, it is the general market for loans that determines what the interest rate will be, just as it is the general market for shoes and clothes and houses that determines the prices you pay. Do I make myself clear?"

"Yes, in a way," John admitted, "I can see what you mean. But there sure is a lot of talk about interest rates being too high."

"There never was a time in banking history when mortgage interest rates are as low as they have been during the past few years," Mr. Brown rejoined. "And never a time at which the terms of repayment were more favorable to the borrower."

"Moreover, the interest rate for you as a veteran is lower than it is for other borrowers. That is because of the community feeling, which we share, that a veteran, in lieu of incalculable services, merits special treatment, and because, the Government, reflecting that attitude, has set up this guarantee system through which it takes over a large share of the cost of losses, which, ordinarily, borrowers must pay as part of the interest rate. In addition, the Government has stood ready to take the loans off our hands so as to make sure that the low rate could be held at all times."

"That's just the point," said John, "why shouldn't the Government make the loans in the first place. I understand it can borrow money at around 2½ percent. That's a lot better than 4."

"Something to Think About"

"It is indeed—if it could be done. But the Government is in the money market, just as you are. If it had to sell bonds to get the millions of dollars that go into veterans' loans, it might have to pay more bond interest than it does now. Then the Government would have to add, just as we do, the cost of making and handling the loans. So we'd end up just about where we are now—unless the Government were to force all the people, through taxes, to carry the cost of doing business. As I pointed out, by guaranteeing to pay losses, the Government is already making the people take over an important part of that cost. Just how much that cost is or will be, there is no way of knowing. It's a fact, which you ought to realize, that you as a saver and a taxpayer are paying part of the cost of every veteran's loan that we make. At the same time, others are paying part of the cost of making a loan to you."

"Consequently, the low interest rate you can now get really isn't as low as it seems to be. Part of it is being passed on for others to pay; part of it you are paying yourself without knowing it. There is no way in which the mortgage rate could be lowered still more without passing that more on in the same way. In the long run, as a thrifty man, trying to improve your own position, you will probably be paying more in one way or another than you can pass on to others—even if you'd really care to do that. The question is: How much of the interest rate of other people's loans do you want to pay?"

"That's sure something to think about," said John. "It sure is," Mr. Brown answered.

(CONTINUED FROM PAGE 48)

If bank-union activities are revived and reach large proportions, the development might be taken as an indication that personnel policies are not satisfactory between management and staff. To make sure there is no occasion for employees feeling that it is necessary for them to exercise their legal right to unionize, most personnel officers keep their attention constantly directed toward improvement of all working conditions that affect their people. They also consider it imperative to keep adequately informed on whatever union leadership offers in its attempts to convince employees that the union will do more than management is doing for them.

Comments made in this series of discussions are in no sense descriptive of every personnel man's procedures. Nevertheless, the steps briefly outlined—from hiring to firing—are well worn by men who have to develop the high-grade manpower needed in the banking business.



We believed that a sustained program was essential and, of course, that THE PURSE COMPANY facilities would be ideal to achieve that end."

Whether you are starting a new trust department, or looking for new business for your already-established trust service, investigate Purse advertising programs, designed to fit your locality, your bank and your budget. Write today.

97

The Auditor

(CONTINUED FROM PAGE 38)

(4) When financial statements prepared without audit are presented on a CPA's stationery without comment by him, he should add a warning—such as "Prepared from the books without audit" — in a prominent place on each page of the statements. This is considered fair warning to the reader that the accountant accepts no responsibility for their fairness. However, if non-audited statements are accompanied

by comments from the accountant, he should include a denial of opinion in them.

This description of the alternatives open to a CPA is admittedly somewhat technical, but the purpose of Statement 23 is far less complex than its language. It requires the accountant to make clear exactly what he thinks of the financial statements which bear his name. Its whole aim is to restrain bankers, credit executives, stockholders and others who depend upon such statements from assuming that the certifying CPA believes—and has reason

to believe—that the statements are fair presentations if, as a matter of fact, he either does not agree with them or has no basis for a professional opinion. Thus the accountant, and not the reader, must evaluate the propriety of the accounting practices reflected in the statements and the adequacy of his own auditing procedures.

Clarification Important

Bankers need not be told that this clarification of the accountant's responsibility is important. It should be stressed, however, that Statement 23 does not require the CPA to extend the scope of his work so that he may express an opinion in cases where he has not previously done so. The users must still decide whether or not the report is satisfactory for their purposes when the accountant qualifies his opinion or denies one entirely. If it is not satisfactory, they must urge the client to have the accountant perform whatever additional work may be necessary to render the desired report. All the CPA can be expected to do is to clarify his own position on the basis of the work authorized by the client.

Statement 23, in other words, is both a professional challenge to accountants and an opportunity for public service to bankers. Consequently, if a banker overhears CPAs discussing it in the future, he ought to join the conversation. He is certain to be welcome, for the full benefits of Statement 23 can be obtained only if he is a partner in its promotion.



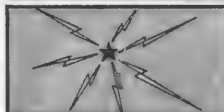
24 Hour Transit Service... Saving from One to Three Days on Many Items



Largest List of Direct Sending Points of Any Commercial Bank in the U. S.



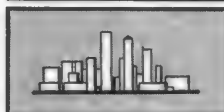
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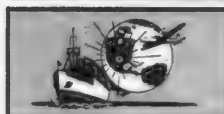
Private Wire System Places Us Within Immediate Touch With All Principal Financial Centers



Bond, Trust, Safekeeping and Special Service Departments to Meet Your Every Demand



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Oldest Foreign Exchange Department in Kansas City—Correspondents in Principal Cities of the World

EVERY BANKING SERVICE is more than a phrase at the Commerce. It is a reality—and is paying dividends to our correspondent banks in 42 states. This all-inclusive Banking Service is available to you.

Commerce Trust Company

Capital Funds Exceed 24 Million Dollars

KANSAS CITY'S LARGEST BANK

Established 1865

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"Whom do I see about finding out whether I have uranium in my garden?"

Banker Prestige in Teenage Minds

WILLIAM R. KIMBALL, president, Central National Bank, Mattoon, Illinois, made an interesting local survey among high school students in Mattoon in connection with a talk he gave before the Public Relations Workshop in Cincinnati late in May. The Workshop was sponsored by the Public Relations Council of the American Bankers Association and six midwestern state associations.

The following nine questions were submitted to the senior class. The students were not informed as to the source of the survey nor were they compelled to answer.

Whom would you expect to ride in the finest automobile?

Banker	23
Doctor	45
Manufacturer	71
Lawyer	17
Merchant	1

Whom would you expect to wear the finest clothes?

Doctor	14
Merchant	25
Banker	49
Lawyer	46
Manufacturer	16
Minister	10
Laborer	0
Social worker	2

Whom would you expect to live in the finest house?

Lawyer	28
Doctor	22
Merchant	5
Banker	30
Manufacturer	57
Minister	2

Exclusive of ministers, whom would you expect to be most interested in church?

Social worker	97
Teacher	12
Laborer	26
Doctor	10
Banker	2
Lawyer	0
Manufacturer	0
Merchant	6

Whom would you expect to be most interested in education?

Minister	42
Social worker	58
Banker	6
Lawyer	20
Laborer	10
Doctor	9
Merchant	7

Whom would you expect to drive the hardest bargain?

Doctor	2
Banker	29
Lawyer	40
Merchant	48
Teacher	7
Minister	3
Manufacturer	21

Whom would you expect to be most selfish?

Merchant	59
Doctor	8
Banker	49
Lawyer	18
Minister	0
Social worker	4
Teacher	2

Whom would you expect to be most generous?

Minister	83
Banker	3

Doctor	10
Social worker	37
Teacher	2
Laborer	14
Manufacturer	2

Whom would you expect to be most interested in you as a person?

Teacher	43
Minister	88
Doctor	9
Banker	1
Social worker	11
Lawyer	0



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Regan-IZE

Leading bankers* know they get more style, more service, more quality for their modernization dollar when they Reganize... because Regan is equipped to handle every detail in bank decor.

Whether you wish to modernize your entire bank — or redecorate an office or directors' room — or add individual pieces, new drapes or floor coverings — the Regan organization offers complete resources and personnel under one roof to serve you.

When you're in New York, stop at modernization and decorating headquarters — Regan.

Let Regan show you how to modernize your bank — economically.

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270 MADISON AVE., AT 39th NEW YORK • OUR ONLY STORE

Consumer Credit Digest

(CONTINUED FROM PAGE 70)

surance that Westinghouse distributors and dealers will receive sound and honest consideration in all their dealings.

"(4) Flexibility: The local banks' complete local authority to deal with the exception—the unusual transaction as well as the usual—not at intervals, but every day, makes for more satisfactory flexibility."

In other words, Westinghouse sees the banks as the banks like to be seen.

"... of helping people"

Belle Hamilton, who writes *Around Our Bank* for each month's BANKING, is author also of the newsy advertising column for her bank, The First National Bank of Leesburg, Florida. Mrs. Hamilton ordinarily sticks pretty closely to people, the bank, happenings of interest in the area, etc. But in a recent column she reached neatly

into the field of consumer credit with an item about Bill Love, vice-president of the bank, who "is head of our instalment loan department and all wrapped up in his work of helping people buy the things they need when the old pocketbook refuses to produce enough."

"Recently he attended a big consumer credit meeting in Chicago, attended by hundreds of bank officers, gathered there to exchange ideas about instalment loans. We asked him what impressed him most in this conference and he said it was the progress being made by banks as a whole in extending consumer credit, and the confidence people have in dealing with their local banks. 'They realize,' he said, 'that where there is adversity, a local bank knows the problems of its community and is more willing to help them than an independent or outside finance company.'"

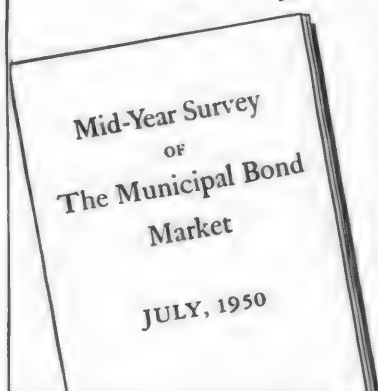
"... under the clock"

The Rhode Island Hospital National Bank has expanded its small loan department and advertises that "It is located in the main banking room . . . just under the clock. Here you may talk over your borrowing needs in absolute privacy."

Identifying its instalment loan department with such an outstanding physical feature makes it easy for the first-time customer to find his way around without having to ask directions.



Trends and Outlook in the Municipal Bond Market



Today's broad acceptance of American municipal bonds is based in large part on a heightened appreciation of their tax-exempt status, together with timely recognition of their safety, marketability and eminently fair yield. At the same time, expanded issue volume has created increased investment opportunities in this field.

To both institutional investors and individuals, whether experienced or contemplating their first purchase of municipal bonds, this Mid-Year Survey presents timely and helpful information. It examines factors currently affecting the investment opportunities in municipal bonds, discusses the supply of and demand for such issues, inquires into the tax outlook and price trends.

Send for this Mid-Year Survey

As a guide to informed appraisal of these bonds and their market, this informative, up-to-date survey is available without obligation. Send for the new 1950 "Mid-Year Survey of the Municipal Bond Market."

HALSEY, STUART & CO. Inc.
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Gentlemen: Please send me, without cost or obligation, 1950 "Mid-Year Survey of the Municipal Bond Market" and tax chart.

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"Before you file my application, would you put on another five bucks for the parking ticket I got while talking to you?"



To YOU, Mr. Purchasing Agent

The eleven great states comprising the "Union Pacific West" are a rich source of raw materials for manufacturing and processing. Minerals, metals, lumber and farm products are available in abundance.

This is a matter of pertinent interest to purchasing agents; particularly so when plans are being made to locate new

plants where an adequate supply of raw materials are close at hand.

Scores of excellent plant sites are available on or near Union Pacific trackage. Complete information—of interest to the P. A. and other key executives—such as availability of materials, power, transportation, labor, etc., may be had by writing—

Union Pacific Serves:

California
Colorado
Idaho
Kansas
Montana
Nebraska
Nevada
Oregon
Utah
Washington
Wyoming



Industrial Department
Union Pacific Railroad, Omaha 2, Nebraska



BE SPECIFIC: *Ship* UNION PACIFIC

Soap Makers

(CONTINUED FROM PAGE 66)

18 months, and there is no indication that they will, unless there should be material changes in the coconut oil supply or that of other ingredients. Nearly everyone seems agreed, too, that the sales outlook for the balance of this year is good, with the prospect that 1950 purchases by the consuming public may top those of 1949, at least in the detergents' group.

It is in this field particularly that Procter & Gamble have out-produced and out-sold Lever Brothers and this, reportedly, was one of the reasons which led to the resignation of Charles Luckman as president.

A new management has now taken over, headed by John M. Hancock as chairman, but little in the way of drastic changes of policy can be expected before July 1, when Jervis J. Babb, presently executive vice-president of S. C. Johnson & Son, Inc., takes over as president.

Mr. Hancock has been Bernard

M. Baruch's chief deputy on the United Nations atomic energy commission and his business connections include the investment firm of Lehman Brothers, John Hancock Mutual Life Insurance Co., Sears Roebuck, International Silver and several chain stores and merchandising firms.

A thorough review of Lever Brothers' operations and policies in this country is being contemplated, which is likely to intensify the competition in this field, except that the overall replanning is likely to include a survey of all Lever-Unilever businesses throughout the world, with particular reference to dollar and sterling supplies and sales.

Thus, there may evolve somewhat more of a liaison with Canadian operations and those in Britain. Wishes of the London government regarding further narrowing of the dollar gap may also be considered and may, indeed, have an appreciable bearing on future policy.

There are also soap bubbles over Piccadilly and the friendly war in synthetic detergents has crossed the Atlantic. Output, too, has increased enormously in the United Kingdom. In 1942 an annual production of 12,500 tons was planned, but present production is more than six times this figure.

The overall outlook in the world markets is good, however, with housing, both single and multiple, catching up with demand, and more families establishing independent households, because homes, home-makers and families constitute the bulwark of the market for the soap, detergents and allied industries.

**BANKS NEED
ENTRANCES
THAT INVITE
PATRONAGE...**



The pictures above and below are a before-and-after story of the Fulton National Bank of Lancaster, Pa. It is a typical case where a bank installed a revolving door primarily to eliminate drafts.



**THAT'S WHY
MORE AND MORE
BANKS CHANGE TO
INTERNATIONAL -
VAN KANNEL
REVOLVING DOORS**



INTERNATIONAL VAN KANNEL

1807 EDGAR STREET



EVANSVILLE 7, IND.



"That's just it. I'll need one of those small business loans!"

BANKING

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All posted at once
...the *foremost* way!

Manifold tickets for notice, tickler and other memo purposes as required.

The operator gets more work done because *this* machine does more of the work. Foremost gives you 100% light-touch electric operation from a single keyboard with 100% visibility of posting line at all times . . . plus automatic balance printing, automatic tabulation from column to column, and automatic direct subtraction from any column total or extended line balance.

may do several complete jobs. Or, for large volume, several machines could be used interchangeably to meet fluctuating workloads.

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you get more . . .

with *Foremost*
the **Remington Rand** accounting machine

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The dress that needn't have been so beautiful

THERE'S NO REAL REASON for a girl to have the most beautiful dress in the world. Even my daughter Sally. Even if she has her heart set on it.

But—I bought it. And when I paid the bill, I whistled! Partly with the well-known father's bill-shock. Partly for happiness. Because, Sally was right—there never *was* a prettier dress to get married in.

It's times like that—when we can buy something really important even if it is a luxury—that I feel like such a lucky guy.

And times like when my wife got sick, and we could give her the good care she needed to get well. And the swell day-in, day-out feeling of *knowing* that if an emergency comes, you've got the money to meet it.

I know the luckiest day of my life was when I signed up to save regularly through the Payroll Savings Plan at the office. I'd tried every which way to save before, but, brother, this *automatic* way is the only way that *works—for you—all the time!*

Buying U. S. Savings Bonds . . . whether by the Payroll Savings Plan or the Bond-A-Month Plan . . . is the safest, "foolproofest," easiest method of saving since money was invented. And every \$3 you invest will turn into \$4 in just 10 years.

*Automatic saving is
sure saving—
U.S. Savings Bonds*



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(CONTINUED FROM PAGE 104)

tions under the New York Disability Benefits Law are within the spirit, if not the language, of this exemption. The position of the Treasury Department with respect to this argument has not been finally settled. Authoritative rulings are expected to be issued soon, clarifying the matter.

Employee Payments from Insurance Funds

With respect to tax on the pay-

ments received by the employees from the insurance funds, when they are ill, it seems probable that such payments will not be includible in gross income. They may be treated as excludible under Section 22(b) (5) of the Internal Revenue Code which exempts compensation for unemployment or compensation received under a health insurance plan from tax. This should be the rule even where the payment is under a self-insured plan, although some tax authorities suggest that self-insured plans may call for spe-

cial treatment. Moreover, if the employer pays the sick or injured employee an additional amount above the amount received under the plan, (so that the employee receives the equivalent of his full salary while he is ill) the amount paid him in excess of that required by the disability benefit law is the only amount upon which income taxes should be withheld. The other part of the payment received by him has come to him as a disability payment and should be exempt. From the employer's viewpoint there is little doubt but that his own contributions are deductible as a business expense.

Patience Required

All the foregoing problems must be borne in mind in planning employee welfare arrangements. The tax accounting problems and the taxes themselves are matters of considerable importance and may become unexpectedly complicated. As business feels its hesitant way toward more extensive employee welfare arrangements (for that seems to be the trend) tax and business problems in connection with such plans will multiply. However, if experience is any guide, they will yield to time and patience. A deep breath is in order.

Midget Maxims

If you have more business than you can take care of, you haven't time to take care of the other fellow's business.

The only time you pay for free advice is when you act on it.

Never despair of mankind simply because you looked in the mirror.

When you look at a \$256-billion debt, you know experience is a dear teacher.



Someone says the world's troubles can be cured by hard work and thrift. Another radical.

When a husband gives his wife a gift after a quarrel, he believes in the present making up for the past.



Nothing is as pleasant as planning how to spend someone else's money.

Rochester


New Hampshire


Rochester, on the east bank of the Cocheco River, is a compact city, center of a prosperous industrial and farming area and natural gateway to the northern recreational section of New Hampshire. Although chartered in 1623, the town was slow to grow: fear of Indian raids discouraged settlements. The industrial development began in 1811 when Nicholas Varney Whitehouse introduced the English carding machine and began the Gonic Woolen Mills. The Civil War furnished the impetus for shoe manufacturing, still an important industry. A statewide event of outstanding interest is the Annual Fair in Rochester, held continuously since 1874, with booths displaying handicrafts and farm products. Also, good harness racing is a popular feature.

NEW HAMPSHIRE
FIRE INSURANCE COMPANY
Incorporated 1869
MANCHESTER,
NEW HAMPSHIRE



GRANITE STATE
FIRE INSURANCE COMPANY
Incorporated 1885
PORTSMOUTH,
NEW HAMPSHIRE





Reproduced from the full-color illustration in the current national advertisement for American Express Travelers Cheques. ☆

WHERE'ER THEY GO, where'er they stop,
Where'er they eat, or sleep, or shop,
Ten miles from home or 'cross the land,
They're welcomed with a friendly hand;
Along the road to anywhere,
They pay their way without a care.

THEY USE THE CHEQUES so safe, so sound,
The cheques best known the world around,
To smooth their way as days add miles
With services they get with smiles.
For happy travel, who's to thank?
... The thoughtful people at your bank!

☆ 85% of U. S. vacationists travel in their cars. The current full-page ad with this full-color illustration in *Life* (June 12) and *The Saturday Evening Post* (July 1) will remind millions of them to smooth their way with American Express Travelers Cheques. Urge

Enjoy a Cruise with Your Banking Friends after the Convention

American Express has arranged a number of delightful cruises and tours for bankers after the American Bankers Association convention in New York, Sept. 24-27.

American Express will handle all the details, enabling you and your family to devote yourselves to full enjoyment of your trip and getting better acquainted with other bankers who will be traveling with you.

For free illustrated folder, "Post-Convention Tours and Cruises," write to American Express, 65 Broadway, New York 6, N. Y.

your vacationing customers to carry these cheques that never let them or your bank down.

AMERICAN EXPRESS TRAVELERS CHEQUES

MOST WIDELY ACCEPTED CHEQUES IN THE WORLD!

World Business

(CONTINUED FROM PAGE 45)

press communiques on the plan also has irritated Paris.

LONDON DATELINE

Britain has been rejoicing over the end of gasoline rationing for the first time since 1939, a step which followed the Standard Oil Company's agreement to supply their U. K. affiliates for sterling payment to be used for goods which the company may send outside the sterling area. Excepting sheet and tinplate, steel allocations have been abolished, the food rationing system has been eased and other controls removed. Gold reserves have been growing; export has been good. But, says the *Economist*, the whole sterling area and Europe are dominated by a dollar shortage which has every appearance of being permanent. The U. K. is seeking to link the blocked-sterling question to U. S. aid to Asia, something which horrifies London's Asian creditors since they think they can get the U. S. aid with no strings attached. Britain enters an emasculated European Payments Union with at least one foot, after assurances and changes in the plan as it relates to gold payments, long-term credits and maintenance of sovereignty in financial matters. Continental central bankers are now

quoted as calling the EPU a profound mistake, since it will weaken policies by which Belgium, Switzerland, and to some extent others have strengthened their monies.

POINT IV LINE-UP

Even before Congress has appropriated the \$35-million Point IV technical-aid bill it passed, queues are forming for the benefits. Liberia has put in an order for 100 technicians and experts. The State Department has detailed Ambassador to Nicaragua Capus M. Waynick to get the program under way. For its civil service readers the *Washington Post* headlines on page one, "Hundreds Facing Loss of Jobs Vainly Seek Point Four Posts." The other part of the legislation, that providing investment guaranties, may never be enacted by this Congress. At the moment the House Rules Committee has it bottled up, while the Senate showed in its debate on the subject when the foreign economic aid bill was up how skeptical many of its members are of guaranties.

INVESTMENTS WANTED

If the investment guaranty bill passes, Eximbank officials feel sure that the \$250-million ceiling of the measure would be rapidly reached, and that most of the guaranties would relate to Latin American financing. They feel that the demand



WIDE WORLD
Fireworks close the first postwar auto show in Berlin

would be as much or more for insuring the convertibility of yield on loans as for direct investments. Within the first year \$100-million would be expected to be used up. But Mordecai Ezekiel, agriculture brainbuster of the early New Deal, writes that to make Point IV really effective about \$5-billion a year will be needed eventually. Know-how is useless, he holds, without investments. The World Bank has been seeking a way for it to foster private investment of dollars, hasn't found one yet. It is veering to the view that it should change its past policy of not financing local-currency expenditures, having concluded that even local-currency expenditures give rise indirectly to demand for hard-currency goods. This is a bit along the lines of an ILO proposal, which, however, would be built around a UN Economic Development Administration, whose initials very appropriately spell UNEDA.

FAR EASTERN HEADACHES

If you've never had a headache in the Far East you have one now. And how! Japan is tiring of the occupation. Some bricks already have been thrown. Japanese businessmen would like to trade with communist China, which country it begins to appear will displace Formosa in the UN and world recognition... American businessmen in the Philippines

At a recent trade fair in Rome where heavy farm machinery was a noteworthy exhibit



WIDE WORLD

are more than irked by import controls. The corruption of the Quirino regime, Vice-president Lopez charges, reaches right up into the Cabinet, which is great stuff for the Hukbalahaps. Some are saying that the islands will go the way of China . . . In French Indo-China the U. S. is sending missions and sowing "initial allocations." The State Department announces that "there will be no packaged allocations" for Southeast Asia . . . The Indians and other Asiatics view with a jaundiced eye U. S. support for French colonialism in Asia . . . Market interests, unable to see success in our Far Eastern policies, evidence fear that the main natural-rubber producing areas will be lost to communism . . . For what ails Asia the British have a plan called—believe it or not—the Spender Plan. The economic needs of Southeast Asia would be met by local, Commonwealth and U. S. resources.

WORLD FUND GETS ATTENTION

The Fund, whose main activities are research and travel, has been getting a bad press of late. The National Advisory Council's special report to the Congress points out that Fund loans, which should be for temporary purposes, have tended to become indefinitely frozen. Indeed, balance-of-payments deficits often result from deliberate Government planning, states NAC, which therefore now frowns upon such "unsecured loans with unprecise payment conditions." For the Fund's errors in this regard, the NAC itself is not without responsibility, since the Fund can hardly make a move that NAC does not approve . . . Managing Director Gutt's term expires next March. He is not expected to continue and already the directors are discussing whom to select as his successor. Should Andrew Overby be promoted? Should it be a European like J. Beyen, former head of the BIS? Or should a Canadian be named? The U. K., incidentally, doesn't want the job to go to a Briton . . . Headline in South African mining paper: "Has Holloway Mission Failed? We Must Leave IMF."

GOLD REPORT READIED

The staff of the World Fund, which recently turned down South Africa's request to be allowed to sell half its output on the premium markets, such as they now are, has pre-

pared a research document to buttress the directors' stand. There is still hesitancy about publishing the amended analysis, lest it prove too vulnerable. Premium traffic in gold continues, although with some changes in direction. Macao has now become a trans-shipment point for gold going from China to India, where imports are illegal. U. S. re-exports continue destined for Kuwait, the Philippines, Tangier, Lebanon, etc. Although South Africa's gain from feeding the premium markets has been questionable, the

benefits of devaluation to the mining industry there have been substantial. Through the Union Bank of Switzerland Swiss capital has been supplied the Anglo-American Corporation of South Africa for development of new gold fields. London considers this a major development in international finance. It will mean something here, too, when the new gold comes in.

WORLD BANK ACTIVITIES

Eugene Black, who in May visited Europe to obtain members' permis-

Is the Owner's Equity Protected?



The mortgagee's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property. It's good business to call these facts to the attention of the property owners you serve - now!

THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co.
Hartford, 15, Conn.

Atlantic Fire Insurance Company
Raleigh, North Carolina

Great Eastern Fire Insurance Co.
White Plains, N. Y.

EQUITABLE Fire & Marine Ins. Co.
Providence 3, R. I.

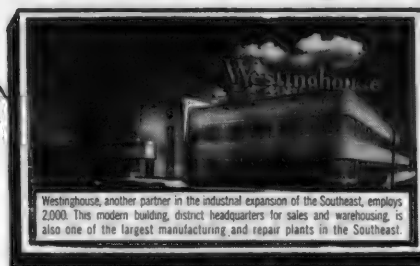
The Central States Fire Ins. Co.
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.

Reliance Insurance Company of Canada
Montreal 1, Canada

ATLANTA'S EXPANDING, SUH!

...and Georgia shows a correspondent growth!!!



Westinghouse, another partner in the industrial expansion of the Southeast, employs 2,000. This modern building, district headquarters for sales and warehousing, is also one of the largest manufacturing and repair plants in the Southeast.

The rapid expansion of Atlanta and the southeast requires up-to-the-minute information. To get ALL the facts, in addition to prompt and dependable counsel upon which decisions can

be made, use the "Friendly Fulton." Regional information is readily available through our dependable correspondent bank contacts. Let us help you.

DEPENDABLE



COOPERATIVE

sion for the Bank to make loans in local currencies, again crossed the Atlantic in June to attend the 20th annual meeting of the Bank for International Settlements . . . Several Latin American countries have now joined the U. S., Canada and certain Western European members in allowing the Bank to lend their currencies, but in the case of Latin America this is largely window-dressing. What borrowers want are the currencies of industrial nations with capital goods to sell . . . The Bank has sent study missions to Turkey, Guatemala and Peru . . . De-

spite further personal talks between Mr. Black and the head of the British Colonial Development Corporation, negotiations for a loan remain suspended. Mr. Black promised Lord Trefgarne "flexible" terms . . . Internal relations among the Bank's management, directors and staff have been infinitely improved under President Black.

MONEY FOR LATIN AMERICA

Late in May the World Bank lent \$15-million to the Sao Francisco Hydro-Electric Company of Brazil for 25 years at 3¼ percent plus 1

percent commission . . . About the same time the Mexican Government authorized the loan of money to the Bank; i.e., authorized banks in Mexico to invest in World Bank bonds . . . The Bank in turn lends to the U. S. Treasury, as it holds \$434-million of U. S. bonds . . . The Export-Import Bank's \$125-million 14-year loan to Argentina for the funding of American businessmen's frozen commercial balances in that country is still causing eyebrow-raising in many places and the State Department has been under the necessity of talking fast to explain the somersault. Eximbank's decision in this case was not unanimous, because it was felt the loan set a precedent for rescuing big and little businessmen from the consequences of too reckless extension of credit to their customers. There could be no end to this sort of Government operation, it was protested.

LATIN AMERICA, ASIA AND STERLING

Brazil recently announced it would pay off its 4½s of 1883 in sterling. This, some say, is tantamount to converting a Brazilian debt into a British debt, so far as American holders of the bonds are concerned. For what can you do with the sterling over here? . . . Prof. J. Fred Rippy of the University of Chicago has published an analysis of British investments in Latin America which shows low returns in government, railway and certain other securities. In view of the talk of helping sterling by pumping American capital into the underdeveloped areas of the British Commonwealth, couldn't the same end be achieved by putting capital into Latin America, he asks . . . Argentina's abandonment of the gold standard does not mean that gold is of no use to the country, according to Finance Minister Dr. Morales on the occasion of the purchase abroad of 60 tons of the metal. Gold is superior to any currency, Dr. Morales is quoted as stating . . . Eximbank dollars for a Brazilian cement company and Ecuadorian agriculture were recently announced.

TARIFF TINKERING

Congress continues to be peppered with protests over imports while the Administration prepares for the Torquay negotiations where conces-

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sions will be swapped with a large number of countries. Oil, textiles, wood and metal products, scrap metals, watches and parts, gloves and many other products have had their domestic defenders in Congress. Coal interests have been campaigning for heavy tariffs on "cheap foreign oil" imports, which are "displacing as much as 25-million tons of bituminous coal a year." Oil importers have adopted self-control, to keep imports low enough to avoid tariff legislation. Democratic Congressman Kee of coal-mining West Virginia, and a member of the Foreign Affairs Committee which has been backing U. S. trade aims, wants the duty on oil raised from 10½ cents to \$1.05, and even more, if necessary. Mining interests have tied up the Walter scrap metal bill in the Senate since last year, because it would admit scrap duty-free.

In Canada

CANADA has joined the United States in a form of proposed economic agreement with Britain and Western Europe in an effort to strengthen the North Atlantic Pact. This move has long been favored and, in fact, strongly pressed by Canada, which felt that a purely military pact was not altogether sufficient protection against any aggressive action aimed at the democratic world. So far no definite economic commitment has been made by the North American nations and the agreement rests on a basis of "a new relationship in economic matters," to quote part of the official communique. But all political parties in Canada are unanimous in regarding this step as likely to lead to closer economic collaboration between all signatories to the pact and therefore as reinforcing the defense measure.

Canada and the United States have also taken steps to coordinate their own armament plans. Although the United States has been supplying other Atlantic Pact members with arms, Canada has had to pay cash for every military purchase it made south of the border. Canada could not afford to develop a large armament industry for its own needs, but wanted to work out a pooling system with the United States. Canada would manufac-

ture some military items for both countries and the United States would work similarly. Now a pooling system is being arranged under which Canada would provide Arctic equipment for American forces in exchange for the most modern heavy artillery, tanks and bombing planes,

manufactured in the United States. Canadian authorities have been heartened by the statement of the American Secretary of Commerce to Congress that further development of the St. Lawrence Waterway system and hydro-electric power is vital to the defense of the United

Applying the "Cooling-Off" Period to Office Furniture Design!

Here's welcome relief from the well-known "hot seat"! The famous Sikes KOOLCUSHION Seat helps you keep *cool* because it's the form-fitting seat that *breathes*. It is perforated clear through from top to bottom and air freely circulates in and out through the seat. Since bodily heat cannot accumulate, you stay completely comfortable while working.



Cutaway View of KOOLCUSHION SEAT

The KOOLCUSHION Seat is another of the many famous SIKES Posture Chair features that make for *all-day working comfort*. The seat is the result of many years of experimentation,—a combination of resilient foam rubber over springs for comfort never before realized in a ventilated seat. It is permanently built in the chair,—not a loose, bothersome pad that's often heat-producing. Write for name of our dealer in your city. He'll gladly bring you a SIKES Posture Chair on trial, at no obligation.

THE SIKES COMPANY, INC.

24 Churchill St., Buffalo 7, N. Y.



LEVEL-UP Your Time Payments with ALLISON'S NEW PAYMENT COUPON BOOK

An increase of 30% in LEVEL payments was reported by Mr. E. L. Moffett, writing in "Time Sales Financing." He is using Allison's NEW Coupon Books, which accentuates Perforations. "We find" he writes "that having the exact amount of payment on each coupon has a marked effect on the percentage of exactly level payments received. After the system had been in operation for six months it was found that the average percentage of exact payments was 91 per cent as compared to 70 per cent prior to the use of coupons."

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MEMBER FEDERAL RESERVE SYSTEM

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WASHINGTON, D. C.
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Canadian Pacific

States. Canada has long regarded these projects as vital also to her defense and essential, too, for the complete development of her new iron field in the Quebec-Labrador region. She has, therefore, pressed hard for ratification by Congress of the St. Lawrence Waterway Treaty effected by the two countries in 1941. This ratification has, indeed, been termed by Hon. Leslie Pearson, Canada's Minister of External Affairs, as "the most important single issue with the United States." On the Canadian side there is unqualified agreement with Mr. Sawyer's views that the new seaway is necessary to insure ore supplies for the steel industry and to facilitate overseas shipments.

Trade Fair

The third International Trade Fair held in Toronto in late May and early June was the most successful of its kind and made a favorable impression on a number of officials from the United States Department of Commerce and American business men, including delegates from 10 trade associations, who attended it. With 34 countries represented, the space for exhibits was more than one-third larger than that taken last year. Britain was the major exhibitor, displaying, along with other wares, a wide range of machinery and machine tools, as part of her intensive trade drive in North America.

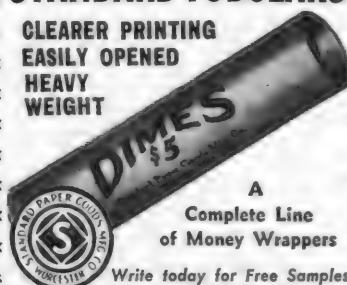
Stanley Woodward, the new United States ambassador to Canada



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THE TEXAS COMPANY



191st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of \$1.00 per share or four per cent (4%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1950, to stockholders of record as shown by the books of the company at the close of business on June 9, 1950. The stock transfer books will remain open.

ROBERT FISHER
Treasurer

May 26, 1950

Savings Outlook

(CONTINUED FROM PAGE 55)

EARNINGS ON SAVINGS DEPOSITS FOR THE YEAR 1949

	Amount	% of Deposits
Average deposits.....	50,000,000	100.00
Less: Legal reserve.....	-3,135,000	6.27 (a)
Cash reserve.....	-750,000	1.50 (b)
Funds invested.....	46,115,000	92.23
Average earnings credit.....	2.00% (c)	
Earnings.....	922,300	1.84
EXPENSES		
Interest.....	450,000	.90
Other expenses (net).....	200,000	.40 (d)
Total expenses.....	650,000	1.30
NET EARNINGS BEFORE INCOME TAXES	272,300	.54

(a) FRB rates weighted by days in effect.

(b) Includes share of cash and due from banks.

(c) Gross 2.30%

Less: costs and reserves .30

Net rate 2.00%

(d) Includes shares of service department and indirect expense.

The effect on profits of an additional $\frac{1}{2}$ of 1 percent interest is shown as follows:

	Amount	% of Deposits
Net earnings before income taxes.....	272,300	.54
Additional $\frac{1}{2}$ of 1% interest.....	225,000	.45
Adjusted net earnings before income taxes	47,300	.09

The net earnings would be reduced by 83 percent. At this new rate, savings deposits would have to be increased by almost six times to provide the same amount of net earnings achieved at the present rate.

The earnings credit applied to savings funds is the average of all earnings on loans and investments, since many banks apparently make no definite allocation of specific loans and investments to savings funds.

It might well be argued that earnings on mortgages and longer-term investments should be applied directly to savings funds. However, since regulations permit mortgages equivalent to the amount of capital and surplus (as well as 60 percent of savings deposits, whichever is greater), and since it must be assumed that capital funds (other than those invested in fixed assets) are employed in long-term loans and investments, the application against savings funds of the remaining long-term loans and investments would not change substantially the earnings on savings funds. Therefore, the key to greater profits on savings funds (which would permit a higher return to individual savers) is a revision of investment and loan policies to provide a more profitable employment of funds.

If the immediate effect on net earnings were the sole basis for our decision, interest rates would certainly not be raised. There are, of course, other considerations. Probably one of the contentions most frequently raised is that savings accounts lead to other types of bank business, i.e. instalment loans, mortgage loans, trust business, etc. This argument is particularly difficult to substantiate or refute. Regardless of the valid-

ity of this contention, it is clear that an additional $\frac{1}{2}$ of 1 percent of interest on savings deposits is a rather expensive way of securing additional mortgage and instalment loan business.

What Can Commercial Banks Do?

There are perhaps four major factors which influence the selection of a savings institution. These factors are listed in what I believe to be the order of importance for the typical saver.

- (1) Federal Deposit or Savings Share Insurance
- (2) Rate of interest or dividend
- (3) Reputation of institution for safety and soundness
- (4) Convenience and habit

These factors are undoubtedly weighted differently by various groups of savers. For example, individuals with accounts under \$100 might base their choice mainly on factor 4, whereas individuals with accounts over \$5,000 (possibly even those over \$1,000) perhaps place the most emphasis on factor 3.

Since commercial banks probably rate somewhat higher on factors 3 and 4, the two groups of savers mentioned above would perhaps prefer commercial banks. However, the rather close similarity of the following data on the number of accounts by size-groups leaves considerable doubt as to whether or not size-groups of savers differ significantly in their preferences for various savings institutions. These data are based upon a sample of approximately 3,000 accounts in each case.

Size of Account	Commercial* Bank	Mutual* Savings Bank	Federal Savings & Loan Assoc.
Under \$10.....	19.2%	14.0%	11.5%
\$10-\$99.....	20.9	16.5	14.2
\$100-\$199.....	8.9	8.1	6.1
\$200-\$299.....	5.5	5.2	4.4
\$300-\$399.....	3.9	4.1	4.0
\$400-\$499.....	3.9	3.0	3.2
\$500-\$999.....	11.9	10.2	12.2
\$1,000-\$4,999.....	21.1	31.1	35.7
Over \$5,000.....	4.7	7.8	8.7
TOTAL.....	100.0%	100.0%	100.0%

* Regular accounts only.

The larger proportion of accounts under \$100 at commercial banks might be the result of the greater use of savings accounts as a substitute for checking accounts. It would seem likely that all savings institutions would benefit (and particularly commercial banks) from the adoption of charges (possibly 25 cents per withdrawal) for excessive withdrawals.

It would seem possible that commercial banks might strengthen their position with the very small and very large saver, and to some extent with the middle-size saver, by more extensive and better-directed promotion and advertising. Emphasis on safety (and liquidity) would encourage large savers, while emphasis on convenience would attract the very small.

Many commercial banks have been slow to adopt specialized promotion efforts, such as school savings programs, insurance premium payment services, etc.

During the year 1948 all member savings and loan associations spent for advertising an amount equal to 0.111 percent of their private savings capital as of December 31, 1948. Furthermore, the ratio of adver-

tising to private savings capital increases significantly with the size of the savings and loan association.

For a commercial bank with savings deposits of \$50,000,000, an equivalent amount of advertising for savings and mortgages would be \$55,500. Few commercial banks, I'm sure, advertise savings and mortgages to such an extent. An increase of $\frac{1}{2}$ of 1 percent in savings deposits is equivalent to four times the relative amount savings and loan associations spend for advertising. It would seem likely that, dollar for dollar, more would be gained from advertising than from interest expense.

Conclusion

It is clear that commercial banks are barely holding their own in savings deposits, while savings and loan associations are continuing their rapid expansion by gaining the lion's share of the increase in the savings of individuals.

It is unlikely that a small increase ($\frac{1}{2}$ of 1 percent) in the interest rate paid by commercial banks would be sufficient to meet the competition of savings and loan associations. Furthermore, unless commercial banks alter their investment policies, an increase in interest rates would almost eliminate the profits on savings funds.

Unless commercial banks are willing to lose by default their position in the savings field, they will have to become more aggressive in their promotion of savings business and seek a more profitable employment of savings funds.

"Preserving Chartered Banking"

(CONTINUED FROM PAGE 46)

tising Department of the American Bankers Association having the theme "Safeguard Your Rights to Chartered Banking." Advertisements of this nature

An active mind in an active body adds to life, especially for a pedestrian.

Even the ass in Biblical times didn't take 30 minutes to introduce the after-dinner speaker.

We suppose even the beauty experts go home some days feeling life is futile.

are one of the devices banks can employ to inform the public about the banking business.

In this series of advertisements, stress is laid on the advantages of our banking system from the public's point of view. The text of the six advertisements presents certain basic advantages that people of this country possess in relation to banks and banking. These include:

- (1) The right to choose your bank.
- (2) The right to borrow on the basis of merit.
- (3) The right to save.
- (4) The right to succeed.
- (5) The right to privacy.

The panel members also agreed that banks must continue to perform their function of taking credit risks. A trend of recent years has been to substitute Government guarantees and Government insurance for the normal risk-taking activities of commercial banks. If this trend continues, the point could be reached where the Government would, in effect, be in the banking business and the case for chartered banking would be weakened.

The general conclusion reached by the panel was that the threat to our system of chartered banking is very real, and ever-present. We can meet it by assuming our responsibilities, giving superior service, and keeping the public informed.

Bank's "History Room" Draws Crowds

THE interest that can accrue to a bank through activity in an extracurricular field is well illustrated by the Wells Fargo Bank, of San Francisco, which maintains on its premises a History Room, filled with relics of the early West, that draws about a thousand enthusiastic visitors every week.

The collection of gold dust and nuggets, stagecoaches, gold scales, and treasure chests, all redolent of the glamorous days of the Wells Fargo Express, was started 20 years ago by the bank's vice-president, G. W. Wickland. It has grown to such proportions since that it occupies a valuable street floor.

The story of how this modern house of finance perpetuates its historic link with the famous Wells Fargo Express is told in an article illustrated with full-color photographs in the June 17 issue of *The Saturday Evening Post*.

Educational Aid

One of the bank's services is making up collections of early Californiana, including such things as Pony Express saddles, six shooters, and old mining tools for other banks, department stores, and schools to utilize for educational purposes.

Its bright red Concord stagecoach which once rolled the dusty miles

over the Sierra Nevada Range from Hangtown, California, to Carson City, Nevada, was requested so often that it was almost constantly reduced to a collection of parts—the only way it could be moved in and out of the building.

Now the bank answers such requests by making the coach available to anyone willing to pay the cost of moving it. This involves removing a wall, some counters, some pillars that hold the bank up, and one of the largest plate glass windows in San Francisco, then putting them back in place again, at a total cost of \$3,000 for labor. It doesn't get moved very often.

Your Reading Time

(CONTINUED FROM PAGE 56)

approximately 7,000 officers are given this training in more efficient reading each year. The officers can read at an average of about 300 words per minute on easy material at the start, and end up with a reading speed of about 600 words per minute.

How can well educated adults, who have been reading since they were six years' old, be taught to double their reading efficiency? Haven't their many years of practice made them as perfect as they can be? Well, records show they are only about half as perfect as they might be with only a few hours' training. This is another example of the way people habitually use their potentialities at a much lower level than is possible. They have years of practice, true enough—but wrong reading practice.

The Psychology of Reading Well

Eyes and mind should cooperate in reading: the eyes to see, the mind to understand. The aim is to grasp the meaning quickly and easily, to look for the sense, not the spelling.

In a single brief glance the following can be read with equal ease:

p r h w (four meaningless letters)

auto single (two unrelated words, of 10 letters)

The apple is big and red. (six related words that make sense)

The eye sees reading in brief glances. It does not move steadily across a line, which is fortunate, since the eye is blind when in motion. The eye jumps from one place to another along the line, pausing briefly after each jump. It is only during these pauses, or fixations, that the eye sees the print. During the movement from one fixation to another everything is blurred.

A poor reader has a dozen fixations along a line, while an efficient reader has only half of these stop-and-get-the-sense pauses.

The poor reader looks at each letter to catch the word. The efficient reader senses the word with a quick look at its general form. Thus a poor reader pauses about one-third second at each fixation, while an efficient reader pauses about half that long.

The very poor reader not only tries to see each letter, but also spells them out. One should read with one's head, not lips. Read for meaning, not spelling.

The old saying, "Slow but sure," is definitely untrue for reading. Rapid readers get more sense from their reading than do slow readers. And when a slow reader's speed is increased by training and practice, he usually learns more from his reading. This is to be expected, since looking for sense is one way speed is gained. Rapid reading also keeps the mind from wandering away from the subject.

Steps in Gaining Reading Efficiency

Several gadgets have been invented to train people to read better. Some of these are exposure devices, similar to a camera shutter, which flash a phrase for a fraction of a second. Short phrases are used first, with flashes, to train in seeing an entire phrase at one fixation. When short phrases can be grasped, then longer

phrases are used, and the time of exposure is shortened.

Another instrument for improving reading holds a book page over which a curtain is drawn steadily, a line at a time. The speed with which the curtain hides successive lines is automatically set, forcing one to hurry and read the line before it disappears. This sets a pace which makes the reader hump to keep up with it.

Reading efficiency can be easily developed, however, without using apparatus. After all, the essential apparatus is one's own head and eyes. Eyes and head should be used according to these rules, following the rules deliberately until good reading becomes a new habit.

(1) Start the habit of reading phrases, not words. Notice *more words* at each pause. Look at words, not letters. Look at the upper half of words, not the lower half.

(2) Keep your eyes moving from left to right. Eliminate backward movements.

(3) Push yourself at the outset so you can catch the meaning of a newspaper-width line in two eye pauses. Strive to cover a book-width line in four or five pauses.

(4) Keep lips and tongue motionless, to control any tendency to pronounce or spell words. Avoid "inner speech," too. If you read less than 350 words per minute, you are likely vocalizing the sounds in some way. Reading does not really become "silent reading" until the rate is around 400 words per minute.

(5) Keep mentally alert to get meanings faster. Try to read five words per minute faster each succeeding day for a month—by looking for the meanings of steadily longer phrases. Read against time for sense. Look for the ideas, don't expect them to hit you on the head for attention.

(6) Keep at it until it is a habit.

The costly training instruments force one to do those things. The instructor points out faults and the better way. You can be your own instructor to find your reading faults, and your own machine to goad you along.



New Books

SIX EASY WAYS TO RECOGNIZE A BAD CHECK. By *C. H. Fletcher*. Fraud Detection and Prevention Bureau, Chicago. 22 pp. \$1. A pamphlet based on "the research work of one who has examined thousands of checks with forged, or fraudulent signatures, changed payees, or raised amounts."

READY REFERENCE "UNIFORM NEGOTIABLE INSTRUMENT LAW." By *Arthur C. Vogt*. Bankers Press, New York. \$1. A chart and outline of pertinent sections relating to negotiability and endorsements of checks. Product of the author's long experience in handling commercial paper in large city bank, it is useful to operating men called upon to make quick decisions.

LOWER PRICES COMING! By *William J. Baxter*. International Economic Research Bureau, New York. 90 pp. \$1. Mr. Baxter, head of the bureau,

says we're "definitely headed for a period of much lower prices," that the Treasury and the Federal Reserve System "have no more control over the price level than a sanitation employee in New York," and that a third of the nation's business firms will either be eliminated or pass into stronger hands in the coming buyers' market. The banking system, he asserts, "is sounder than it ever was before."

WHERE IS THE MONEY COMING FROM? By *Morris S. Rosenthal*. Public Affairs Institute, Washington, D. C. 58 pp. 40 cents. Mr. Rosenthal, president of the National Council of American Importers and vice-chairman of the Foreign Commerce Department Committee, U. S. C. of C., says businessmen should welcome a big Point IV program—to the extend of a further \$10-billion in credit.

THE DYNAMICS OF GROUP DISCUSSION. By *D. M. Hall*. The Interstate, Danville, Illinois. 63 pp. 75 cents. A handbook for discussion leaders.

YOUR MORTGAGE. By *Frederick H. Allen*. 90 pp. Duell, Sloan & Pearce, New York. \$2. A book for the private homeowner, answering many questions about mortgages. It includes a comparison of five different plans most commonly in use today. The author is a member of a firm of housing consultants.

PIGS: FROM CAVE TO CORN BELT. By *Charles Wayland Towne* and *Edward Norris Wentworth*. University of Oklahoma Press, Norman. 290 pp. A history of the porker, down to this morning's breakfast table.

MONEY AND ORGANIZATION. By *D. C. Reid*. Macdonald & Evans, London. 128 pp. 10s. Mainly concerned with financial developments and the effects of inflation, with particular reference to changes effected in the structure of bank assets. Comparisons are made between Britain and other countries, including the U.S.A.

THE EFFECTS OF TAXATION ON FOREIGN TRADE AND INVESTMENT. Columbia University Press, New York. 87 pp. 50 cents. This is a publication of the United Nations Department of Economic Affairs, whose Fiscal Division prepared the study. It deals with both developed and under-developed countries.

OFFICE METHODS, SYSTEMS, AND PROCEDURES. By *Irvin A. Herrmann*. Ronald Press, New York. 519 pp. \$7. A manual of tested techniques developed by numerous authorities and used by a variety of companies. The author is office manager of Ser-vel, Inc.

PENSIONS FOR EMPLOYEES. Chamber of Commerce of the State of New York, New York City. 91 pp. \$1. Proceedings of the Chamber's pension forum, held last winter.

Float of the First National Bank of Leesburg, Florida, featuring the Savings Bond drive, in that city's annual watermelon festival. By coincidence, Florida's Savings Bond replica of the Liberty Bell made its first public appearance on the same date in Leesburg, when approximately 15,000 people were present



Business Aids

Each month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



MAIM STREET, 1950 Edition, a 31-page booklet published in the interests of street and highway safety. Illustrated by means of cartoons and containing detailed information and charts covering all forms of highway accidents. Statistics for 1949 compared with 1948 are covered under headings of: types of accidents resulting in deaths and injuries, actions of drivers and pedestrians resulting in deaths and injuries, persons

killed by age groups, operating experience of drivers in accidents, etc. Available from *Supervisor of The Travelers News Bureau, The Travelers Insurance Companies, Hartford, Connecticut.*



A new **ALL ELECTRIC FANFOLD WRITING MACHINE**, featuring automatic retraction of carbon paper, has been announced by the Underwood Corporation. A measuring gauge grips and holds a completed set of forms, while the carbon

paper is automatically and electrically moved into the following set of forms. Either floating sheet or rolled carbon can be used with this multi-copy electric writing machine.

Particularly devised for applications involving the use of time and work saving continuous forms, this machine increases production and reduces operator effort to a minimum.

DISHONESTY CONTROLS, a 32-page booklet prepared in the form of a "Yes" and "No" questionnaire, designed to show an employer whether or not his business is embezzlement-proof. Virtually all the major types of embezzlement are discussed, making it possible for the employer to discover and remedy any defect in his system of checks and controls.

Copies of this booklet are available from *Maryland Casualty Co., Baltimore 3, Maryland.*

Dishonesty Controls

A check list of business procedures that minimize losses caused by dishonesty.

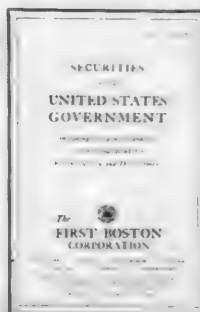


AMERICAN KITCHENS PLANNING BOOK, an illustrated booklet equipped with perforated push-out forms representing all cabinets and equipment used in the modern kitchen, together with scaled lay-out on

which these fixtures can be pasted to plan a kitchen for a new home or in a remodeling program. The planning book permits the development of a modern work-saving kitchen in rooms of any size or shape.

A companion booklet is "How You Can Save Up to 2 Hours Work Every Day."

Single copies of the planning book are offered to bankers for use in their home planning libraries free of charge, additional copies available in any quantity at 10 cents a copy. Write *American Central Division—AVCO Manufacturing Corporation, Connersville, Ind.*



SECURITIES OF THE UNITED STATES GOVERNMENT—1950 Edition, a 93-page handbook illustrated by charts and diagrams, that provides a convenient, compact reference for investment officers and others interested in United States Treasury finance. Contains essential factual material on U. S. Treasury securities, obligations of governmental agencies and the International Bank for Re-

construction and Development. Also includes discussions of such matters as taxation applied to investment income of business organizations, treasury financing and factors influencing credit. Write to *The First Boston Corporation, 100 Broadway, New York 5, N. Y.*



PAINT RIGHT WITH COLOR DYNAMICS—a 23-page booklet beautifully illustrated in full color discussing the importance of proper color usage in home decoration. Offers suggestions through the use of the "color wheel" for room color

schemes based on exposure to sunlight. Also includes a brief discussion of exterior painting to emphasize the home's better architectural points, as well as to protect the beauty and permanence of a house. Concludes with tips on preparing a surface for painting and care of brushes. Banks interested in obtaining this material for use in home planning libraries may write to *Pittsburgh Plate Glass Company, 632 Duquesne Way, Pittsburgh 22, Pennsylvania.*



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◀ You sell...

NATIONAL CITY BANK TRAVELERS CHECKS

Capitalize on a "pre-conditioned" market!

National City Bank Travelers Checks are advertised constantly in leading magazines throughout the country. And in every advertisement the reader is urged to "BUY THEM AT YOUR BANK".

Selling NCB Travelers Checks is one of the easiest ways to increase your bank's business. Merely suggest to customers that they buy these checks when they make withdrawals for travel.

Banks Retain the Entire Selling Commission on all NCB Checks Sold— $\frac{3}{4}$ of 1%

Write for details.

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First in World Wide Banking

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Undisclosed Tax Liabilities

(CONTINUED FROM PAGE 51)

relatively simple. For instance, suppose that for 1949 a corporation reported net income before taxes amounting to \$20,000, and showed on its balance sheet liability for income taxes of \$7,200. Since the income tax on \$20,000 is only \$4,500, the liability must include taxes which are in arrears and on which interest is accumulating. Unless some agreement has been reached with the Collector of Internal Revenue, the balance of \$2,700 is payable on demand with interest at 6 percent and is senior to all other obligations.

State income or franchise taxes, while considerably smaller than Federal income taxes, are often omitted from the calculations of inept accountants or credit men. For example, a corporate taxpayer has signed an agreement, Form 870, consenting to a deficiency assessment of \$38,000 in 1946 Federal income tax, based upon a determination of additional income in that year. An accountant in preparing the balance sheet would set up a liability of \$38,000 accordingly. However, he may forget to include the state franchise or income taxes which will be automatically imposed. If this were a New York State corporation, an assessment of \$4,500 would be levied almost immediately, with interest running from early in 1947.

All reserves for taxes should be carefully scrutinized, for such study brings a reward of knowledge. For example, suppose the credit-seeker shows \$6,000 as a liability for withholding taxes. Examination shows an annual payroll of \$48,000, or \$12,000 a quarter. On this amount the withholding tax would average less than 25 percent of the payroll, or \$3,000 a quarter. It is, therefore, obvious that these trusted funds of the previous greater year have been converted to the taxpayer's own use. A similar technique may be used to determine arrears in social security taxes.

Sales taxes, too, can be treated in this manner. Suppose a balance sheet showed a liability of \$8,000 for sales taxes. If its annual retail sales were \$1-million, quarterly sales of \$250,000 or thereabouts, seem probable, and 2 percent of all sales

for a quarter is only \$5,000. Since some sales are undoubtedly exempt from tax, the difference of \$3,000 or more than this represents arrears of such taxes.

Carry-Back Claims

A "carry-back" claim should be a direct stimulant to careful tax scrutiny. As an example, suppose a taxpayer, corporate, individual, or estate, had the following record:

	Taxable	Taxes Paid
Year	Net Income	
1947	\$20,000	\$4,500 or \$8,000
1948	\$15,000	\$3,350 or 5,000
1949	\$36,000 (loss)	None

The loss is just \$1,000 more than the net income of the two prior years. That coincidence, of course, does not prove that the amount of loss was deliberately exaggerated in order to recoup all the taxes previously paid. It does suggest that such a possibility exists and should be explored, particularly if the taxpayer's finances are weak.

Suppose that the taxable net income for 1947 is found upon examination by a revenue agent to be \$21,000 instead of \$20,000. That would not create additional Federal income taxes because the loss of \$36,000 will still equal the net income of \$36,000 as adjusted by the additional \$1,000 of income. Yet state franchise and income tax laws do not recognize the carry-back and in this instance there will be an additional state franchise or income tax, plus interest.

Uncover the Hidden

Unforeseen tax liabilities have wrecked innumerable concerns. In many cases no items so vitally affects the solvency of a borrower as much as taxes, because many other liabilities may be compromised or deferred. Yet, curiously, many credit investigations, no matter how minute and rigid, have, in the past, omitted this paramount feature. Bankers and credit men, in scanning critical situations, would do well to place greater emphasis upon a study of such contingent and unusually undisclosed liabilities.

84th

CONSECUTIVE DIVIDEND

A quarterly dividend of 40c a share, plus an extra dividend of 5c a share, has been declared on the common stock of this company, payable on July 1, 1950, to shareholders of record June 7, 1950.

E. H. Volwiler, President • May 25, 1950

ABBOTT LABORATORIES
Manufacturing Pharmaceutical Chemists
North Chicago, Illinois



Safeway Stores, Incorporated

Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on May 27, 1950, declared quarterly dividends on the Company's \$5 Par Value Common Stock and 5% Preferred Stock.

The dividend on the Common Stock is at the rate of 50c per share and is payable July 1, 1950 to stockholders of record at the close of business June 21, 1950.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable July 1, 1950 to stockholders of record at the close of business June 21, 1950.

MILTON L. SELBY, Secretary.

May 27, 1950.

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THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. A year ago the Federal Reserve Index of Industrial Production reached a postwar low of 161, or 61 percent above the average for the five prewar years, 1935-39. When the figures are in for this midyear period there is every prospect that the index will have reached or exceeded the postwar high of 195, attained in October and November 1948.

Bank loans, deposits, national income, payrolls, profits, inventories, stock and commodity prices, expenditures for plant and equipment, construction, and all basic indicators reflect this same general trend in varying degrees. The variations are important, particularly in the field of industrial production. The rise has occurred entirely in the output of consumer durable goods, chiefly automobiles, homes and home equipment. Other industrial production has tended to remain about the same.

The picture is better than expected and has already led Secretary of the Treasury Snyder to revise downward his previous estimate of a \$5-billion deficit, currently.

Whether the statistics caused confidence or the other way around, or inflation caused both, the fact is that a high level of activity the remainder of the year is confidently and commonly assumed.

There is a national Society of Business Magazine Editors meeting in Washington and elsewhere every month or so to swap information and listen to highly informative talks. At their latest intellectual picnic there was hardly a single statistical firecracker to disturb the calm and peaceful assurance that things are dandy. Paraphrasing slightly the hometown society editor, "Good times were had by all," or almost all.

A brief summation of opinions from these unusually well informed sources shows an impressive degree of unanimity.

AUTOMOBILE production continues at a record-breaking rate and no letup is in sight. Passenger car output to June 1 is almost 25 percent ahead of last year's total for the same five-month period.

THE MACHINE TOOL industry has picked up appreciably in recent months. If present volume of orders is maintained, the total business in 1950 will amount to between \$300-million and \$325-million, in comparison with the total business of \$250-million in 1949. It must be noted, however, that the machine tool industry has an annual capacity for \$600-million worth of business and so, even with the potentially increased business, the industry will be operating at only 50 percent of capacity in the predictable future.

CREDIT of all kinds is in relatively strong demand.

Business loans declined seasonally during the first months of this year but much less than in the same period last year.

Real estate loans increased about \$200-million, against a rise of about \$25-million last year, and "other" loans are up \$229-million compared to a decline of \$68-million in the similar period of 1949.

PURCHASING agents are finding that the "buyers' market" has faded, with tightness in many commodities. The metalworking industry is particularly affected by such hard-to-get items as aluminum, copper, zinc, and some grades of steel.

METALWORKING, especially steel, is in the midst of a boomlet. Demand is heavy. There are no signs of a falling off in requirements or in the operating rate for some time to come—certainly not before the end of the year, if then.

CHEMICAL production will reach new peaks in the last half. Basic chemicals should continue at present levels, while specialties and synthetic fiber raw materials will be increased by new capacity.

FOOD store sales are holding slightly above a year ago. The trade expects sales to continue at the current level with few price declines. There is increasing apprehension regarding price support programs, with little or no sentiment for the Brannan Plan.

INDUSTRIAL CONSTRUCTION investment will reach \$20-billion this year, and the building boom which started in 1947 will continue at a high peak for at least two years before it levels off to normal requirements. Highway construction and other public works, however, will continue soaring above an annual \$5-billion total.

HOUSING accounted for \$18-billion spent in 1949, whereas estimates indicate that \$19-billion will be spent in 1950.

PLUMBING AND HEATING materials are in good supply; manufacturers and wholesalers have satisfactory inventories; and plumbing and heating contractors are equipped to meet all demands for service and labor.

THE COAL industry expects to experience one of the best years in its history. It is now operating at normal capacity, with good prospects for 500-million tons of production in 1950. Elimination of the marginal production, which Mr. Lewis sought desperately to sustain, will strengthen the industry's competitive position by assuring the coal consumer more for his dollar.

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